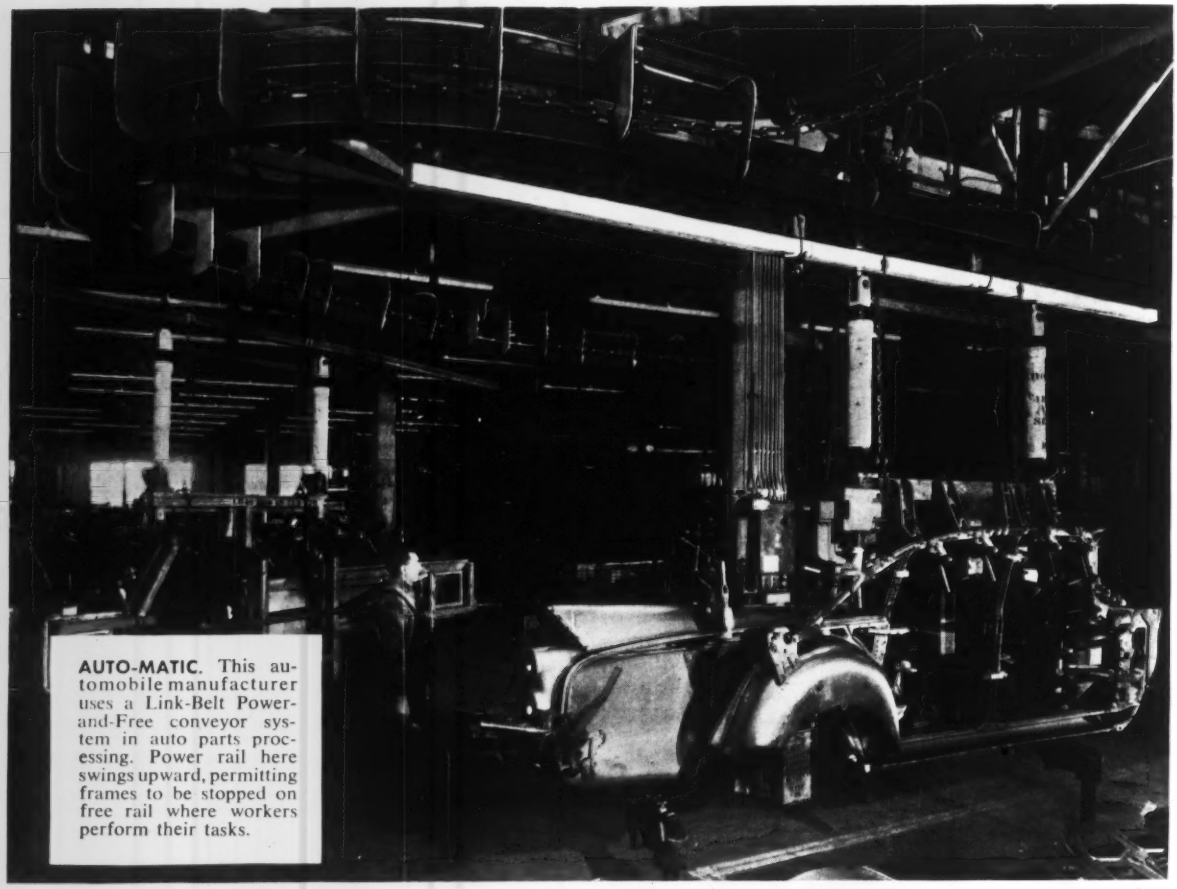
August 1959 75¢

DUN'S REVIEW and Modern Industry

THE GROWING COST OF BIG GOVERNMENT

A DUN & BRADSTREET PUBLICATION

Stop-and-go handling for non-stop production



AUTO-MATIC. This automobile manufacturer uses a Link-Belt Power-and-Free conveyor system in auto parts processing. Power rail here swings upward, permitting frames to be stopped on free rail where workers perform their tasks.

Link-Belt Power-and-Free conveyors provide routing, storage, recirculation

MATERIALS handling flexibility to its highest degree! Link-Belt Power-and-Free trolley conveyors make straight-line production possible even where materials are processed at varying speeds. They'll transport parts to work areas, leave them there to be processed. They'll reclaim material from storage as needed. Cargo can be slowed down, speeded up or stopped . . . moved vertically, pivoted, indexed, dumped or dipped as needs dictate.

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TROLLEY CONVEYORS

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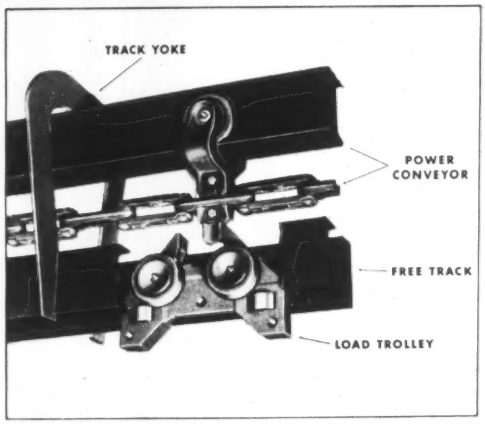

HOW IT WORKS. Propelled by power conveyor, material rides smoothly on free track below. At work station or storage area, load carriers are switched to or from unpowered free tracks which can be located on either or both sides of the main Power-and-Free conveyor.

DUN'S REVIEW
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DUN'S REVIEW AND MODERN INDUSTRY, August 1959, Vol. 74, No. 2. Published monthly by Dun & Bradstreet Publications Corp., J. Wilson Newman, President. Publication Office: 300 West Adams St., Chicago, Ill. Entered as second class matter at the Post Office, Chicago, Ill.

Correspondence for Editorial, Advertising, or Subscription Offices should be sent to Dun's Review and Modern Industry, 99 Church St., New York 8, N.Y.

Subscription: $5 a year in USA and Possessions, and Canada. Elsewhere, $10. Single copy, 75 cents. Please state title and employing company when subscribing.

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CREDITS: *Cover*, Robert Hallock; *pages 33, 34*, photographs courtesy of Sony Corp.; *page 35*, photograph courtesy of Gladding, McBean & Co.; *pages 38, 39, 40*, photographs by Kaufmann & Fabry, Inc.; *pages 44, 45, 46*, charts by Hagstrom Company, Inc.; *page 72*, photograph courtesy of Renault, Inc.; *page 78*, photograph courtesy of U.S. Bureau of the Census.

EDITORIAL

Steel Strike—Why?

THE DAY this was written the steel strike began. The day it is published the strike may be over. We fervently hope so.

The folly of the steel strike rather than its duration is our major consideration. There was no need for work cessation. The damage that can result to our morale at home and to our prestige abroad is more significant in the long run than the jockeying of the negotiators for advantageous attention in the press.

Let's face it. There is no major issue. The 500,000 steelworkers are well paid. So are nearly a million stockholders of the twelve steel companies who are party to the negotiations. There is no distress on either side. The sensible answer would have been a continuation of the present contract without a wage increase or price hike to stimulate an inflationary trend which has been indicating a decrease in momentum. But a draw doesn't satisfy a labor leader who depends on victories expressed in cents per hour.

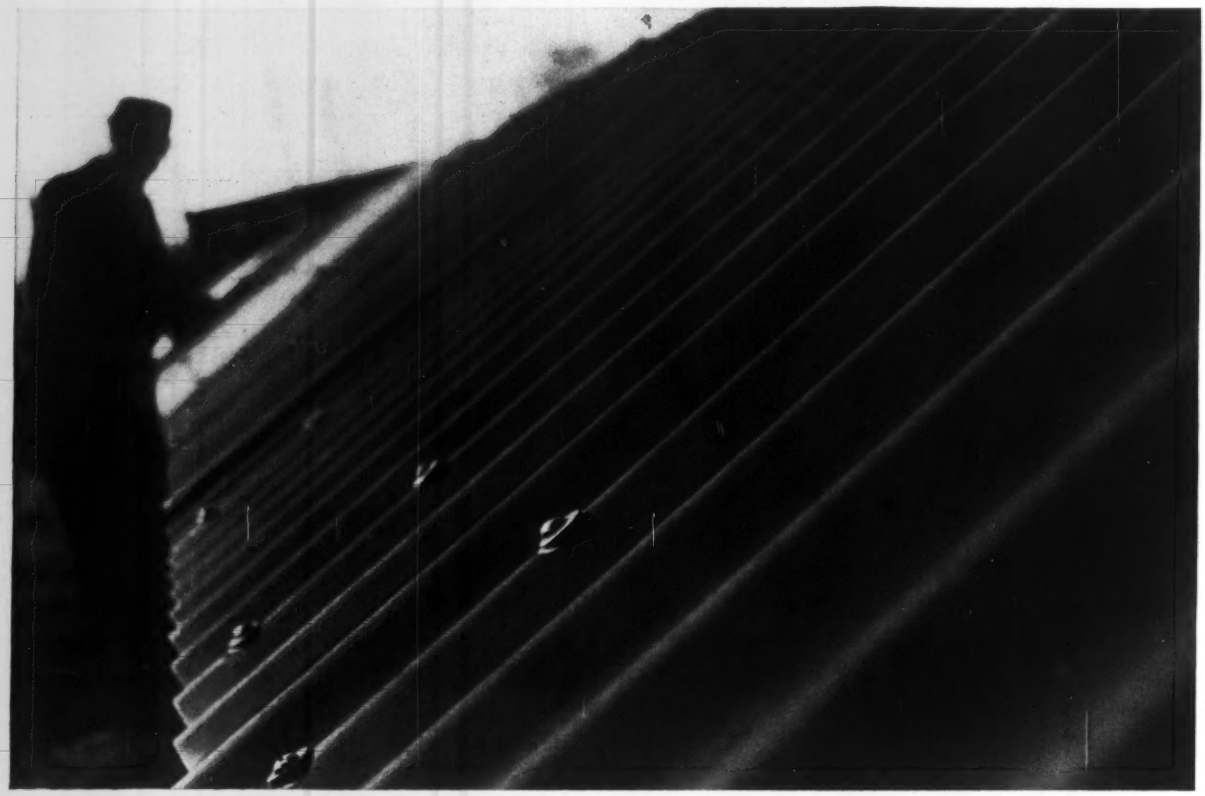
One of the issues the negotiators discussed at length concerns the prerogative of the steel companies to use such technical and mechanical means of improving productivity as engineering judgment dictates without interference or limitations by the unions. Labor believes it has a right to play the production game according to its own rules. It seems to us that management has a right to manage, a right which includes authority in proportion to responsibility and within the disciplines of fair play.

The steelworkers' average hourly earnings in April 1959, according to the U.S. Bureau of Labor Statistics, were $3.10 an hour —almost double the 1949 rate and 87 cents higher than the average hourly rate of all manufacturing industries. The steel price index went up from 109.9 in 1949 to 185.1 in 1958. The price-wage spiral in steel sets the economic pace for the nation, and any increase is certain to filter down through a pyramid of associated industries. Professional workers with only time to sell and service companies with no merchandise to mark up marvel at the ease with which inflationary costs are transferred to the customer.

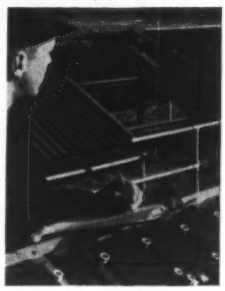
The danger of the steel strike is that it may set off a chain reaction, the direction and impact of which is as hard to predict as it is to control. Steel is the spine of our economic life, and if the spine is weakened seriously, the whole anatomy of industry and distribution could suffer. West Germany, Belgium, and Japan make good steel at competitive prices, and they are not overlooking any opportunities to entrench themselves in the U.S. market.

The right to strike is labor's inalienable privilege, and strikes have the support of public opinion when working conditions or wage inequities justify them. But strikes are indiscriminate in the targets they hit. A prolonged steel strike would punish a vast area of business and industry and slow down consumption.

The American steel industry, the hub of our economic wheel, sets the production pace for the world, and the whole world is watching the outcome as a test of our ability to maintain high-level labor-management relations in a free economy. But whether long or short, the strike is as inexcusable as it is frustrating to millions of workers and thousands of employers in collateral industries, all of whom are bound to suffer in varying degrees from a work stoppage that has no moral or economic justification.



▲ *Practically as good as new. USS COR-TEN Steel sheets after 25 years of exposure to industrial atmosphere.*
USS test racks at Kearny, New Jersey, in a harsh industrial atmosphere. ▶



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The Trend of BUSINESS

Capital Spending: *Outlays for new plants and equipment will become more important to business growth.*

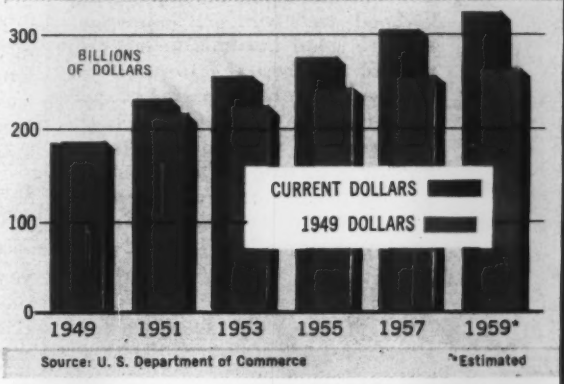
Inventories: *Rate of increase in the accumulation of business inventories will slacken somewhat in the months ahead.*

Construction: *Lower outlays for housing and some public building will curtail gains in total construction before year-end.*

Sales: *Consecutive monthly records in retail sales are likely through the end of the year.*

Failures: *Although the number of failures rose in June, liabilities fell to an eight-month low (page 15).*

Disposable Personal Income



Source: U. S. Department of Commerce *Estimated

Business Headed for Record Highs

ALTHOUGH gains may not be so striking as they were earlier this year, business will move on to new high ground in the fall months. The rates of increase in inventory accumulation and construction outlays are likely to slacken a bit, but this will be largely offset by heavier capital spending and steady gains in consumer expenditures.

Retail trade will continue to set monthly records through the end of the year.

This will mean steady gains in wholesalers' and manufacturers' sales, which will prompt further expansion in industrial production. Physical output in the last quarter will climb to new record levels, making up for third-quarter setbacks resulting from a possible lengthy steel strike and shutdowns in the automobile industry for model changeovers.

More workers will be needed to accommodate this rise in production, and the number of unemployed will continue to drift downward.

High employment will help personal income to edge up to new peaks in the coming months.

Although gains in income will be reflected in higher levels of retail sales, consumer expenditures for new homes will slacken. A good part of the decline here and in some types of public construction will be offset by higher levels of commercial and industrial building.

As in every period of rising business activity, prices will creep upward.

Despite this shift in the sustaining forces in business, the gross national product—the total national output of goods and services—will show substantial gains during the last half of the year, and the level for 1959 as a whole will be a little above $480 billion, or about 10 per cent over 1958.

Much of the movement of physical output in August and September will, of course, depend on how long the steel strike lasts and how long it will take auto producers to complete the model changeovers.

Whether or not there is a long steel strike, the Federal Reserve Board's index of industrial production will decline in August and show little change in September because of curtailed auto output. Of course, the longer the steel walkout, the greater the August decline will be, but this will mean a greater pick-up in the fall.

By the end of the year, the seasonally adjusted index of industrial production will be about 25 per cent above the recession low of April 1958.

Following a labor settlement, steel mills will operate at about 75 per cent of rated capacity for the rest of the year. Although this will be below the record first-half average, it will help boost ingot production for the year as a whole to the second highest level on record.

Most steel users claim that they have enough inventory to tide them over any fairly extensive strike, but their stocks are not excessive. Steel producers are banking on this to bring a sizable rise in new orders in September.

A 6 million car year is likely in 1959, according to most industry officials.

Sales of new cars during the first half of the year are at the highest level since 1955, causing auto producers to raise production goals for 1959 as a whole. Most estimates now average somewhere around 6 million, rather than 5 to 5.5 million. In preparation for a steel strike and the model changeovers, dealer inventories were built up to the highest level in two years. Continued high sales,

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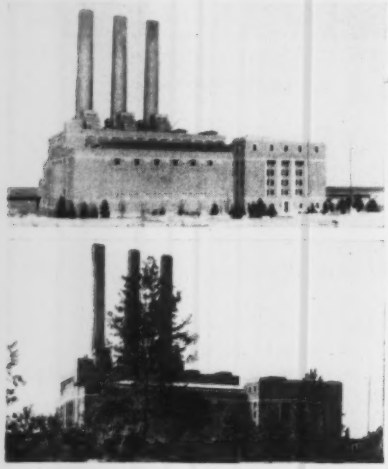

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however, have somewhat reduced stocks in recent weeks.

The model changeover process is expected to be completed some time in mid-September, a month ahead of last year. Although no official announcements have been made, the Big Three will probably introduce their new small models in October.

Recent year-to-year gains in output in such key industries as electricity, lumber, paperboard, coal, and petroleum will be maintained as over-all business activity continues its upswing in the coming months.

Inventory accumulation holds the key for future progress.

What happens to output later this year will, of course, depend heavily on the rate of inventory accumulation. Inventory build-up in the last months of 1959 will gain less support from increases in holdings of primary metals than it did in the first half, when manufacturers were hedging against a steel strike. Also, growth in automobile stocks accounted for much of the over-all rise in inventories so far this year. Reductions here will result in a slackening in the rate of increases in total inventories.

Inventory growth in other durables and in most nondurables will continue to accelerate, since stocks in most lines are still low in relation to sales.

As output advances closer and closer to the limits of existing production capacity, business men will show increasing interest in investing in new plants and equipment. Outlays during the fourth quarter will be higher than previously expected, and in 1960 will approach 1957 record levels.

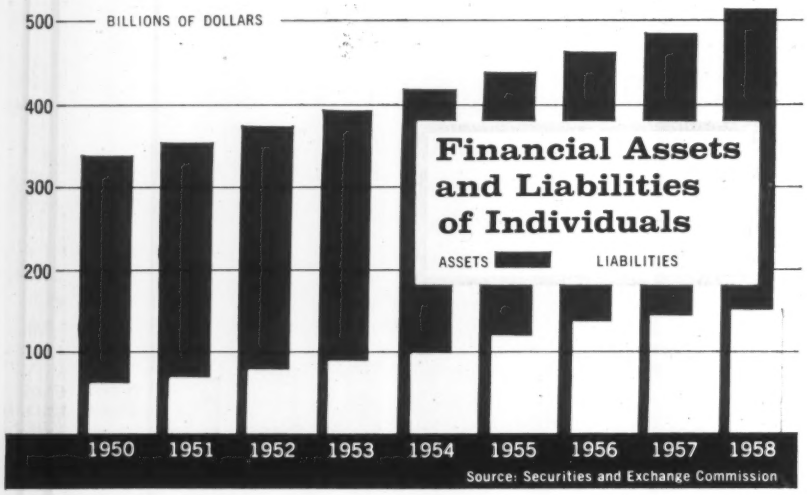
In the metalworking industry, expenditures for capital equipment in the second half of 1959 will be higher than in any previous six-month period except the latter half of 1957, according to a recent survey conducted by *Steel* magazine.

Industrial construction will offset decreases in housing and public works.

Gains in capital spending will be reflected in an upswing in industrial construction before the end of the year, but no marked increases will occur until early in 1960. However, the expansion that does occur in the final months of 1959 will help offset decreases in outlays for housing and public highways and other projects.

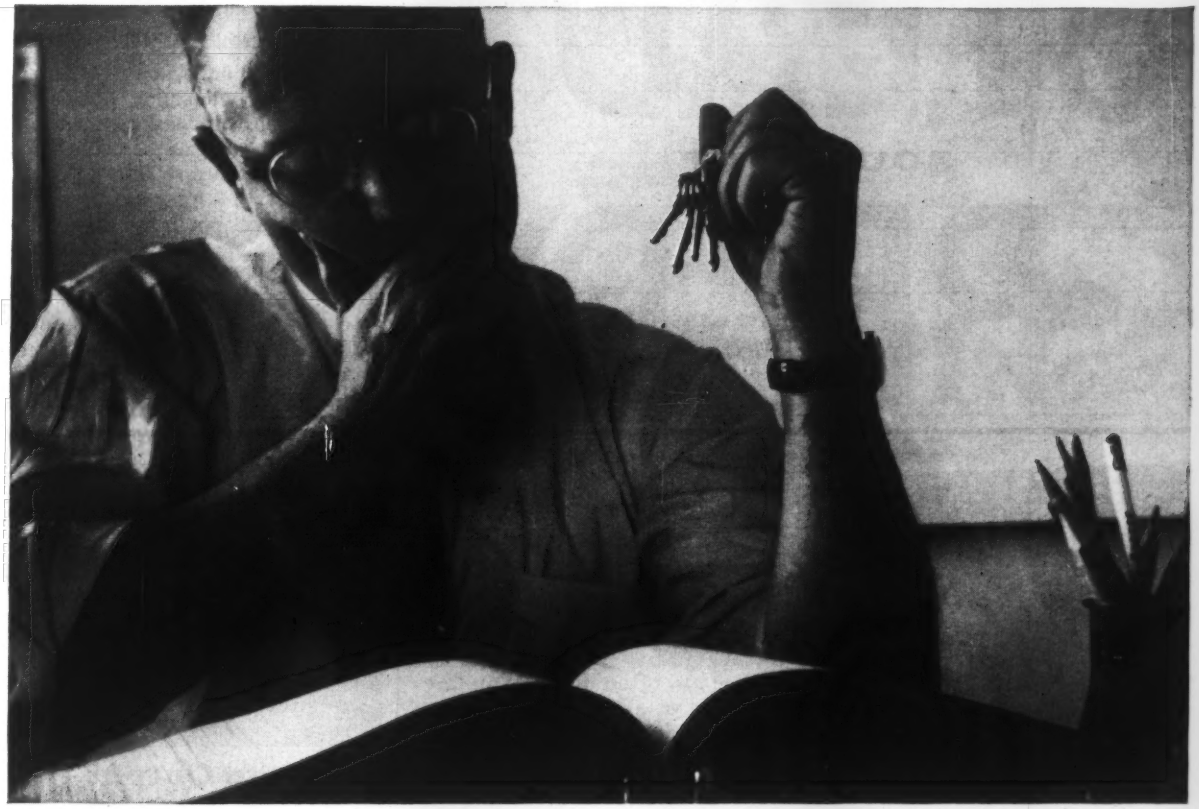
The number of housing starts began slipping in late spring, and recent slackening in applications for FHA insurance commitments for mortgage funds points to a further decline in the coming months. Prospective home buyers will be more discouraged by increasingly difficult mortgage terms and rising building costs.

In addition to the rise in industrial building, a continued expansion in commercial construction will take place through the end of the year. Although gains in over-all construction outlays will be less impressive



FINANCIAL ASSETS *of individuals as shown above include currency and deposits; saving and loan association shares; private insurance and pension reserves; Government insurance and pension reserves and U.S. savings bonds and other Federal, state, and local government securities. Not included are corporate securities and investment in housing. The liabilities comprised mortgage debt, consumer debt, and securities loans.*

STRAPPED



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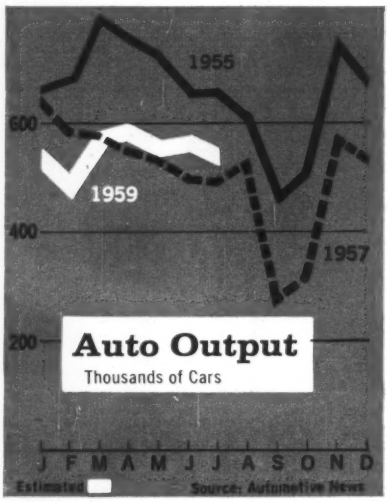
than they were during the first half, 1959 as a whole will be another banner year.

The continuing climb in retail sales is a most cheering note in the economy.

Despite the importance of capital spending in maintaining prosperity, business men will continue to regard consumer spending as the major force in expansion. Since retail sales in the last half of 1958 were high, year-to-year gains will not be so noticeable as they were earlier this year. However, monthly records are likely through the end of the year.

Increases over last year in durables will continue to be more impressive than in soft goods, especially in appliances, furniture, and new passen-



NEW PASSENGER CAR *output in the third quarter is expected to slightly over a million, the best third quarter since 1957.*

ger cars. In making these purchases, many consumers will use credit, but some will be discouraged by more expensive and more difficult terms. In recent months, total consumer installment credit outstanding has been at record levels. Further, but perhaps less noticeable, gains are likely for the rest of the year.

Attracted by new styles and the usual fall and back-to-school promotions, shoppers will step up their buying of fall apparel. Moderate year-to-year advances will be sustained, with increases in women's apparel outpacing those in men's clothing.

Declines from last year in sales of fresh meat, poultry, and baked goods

continued on page 12

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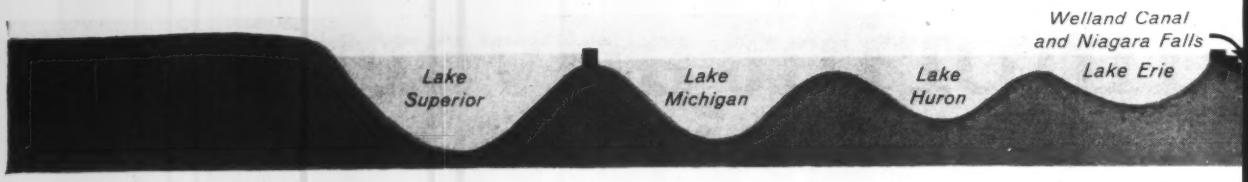
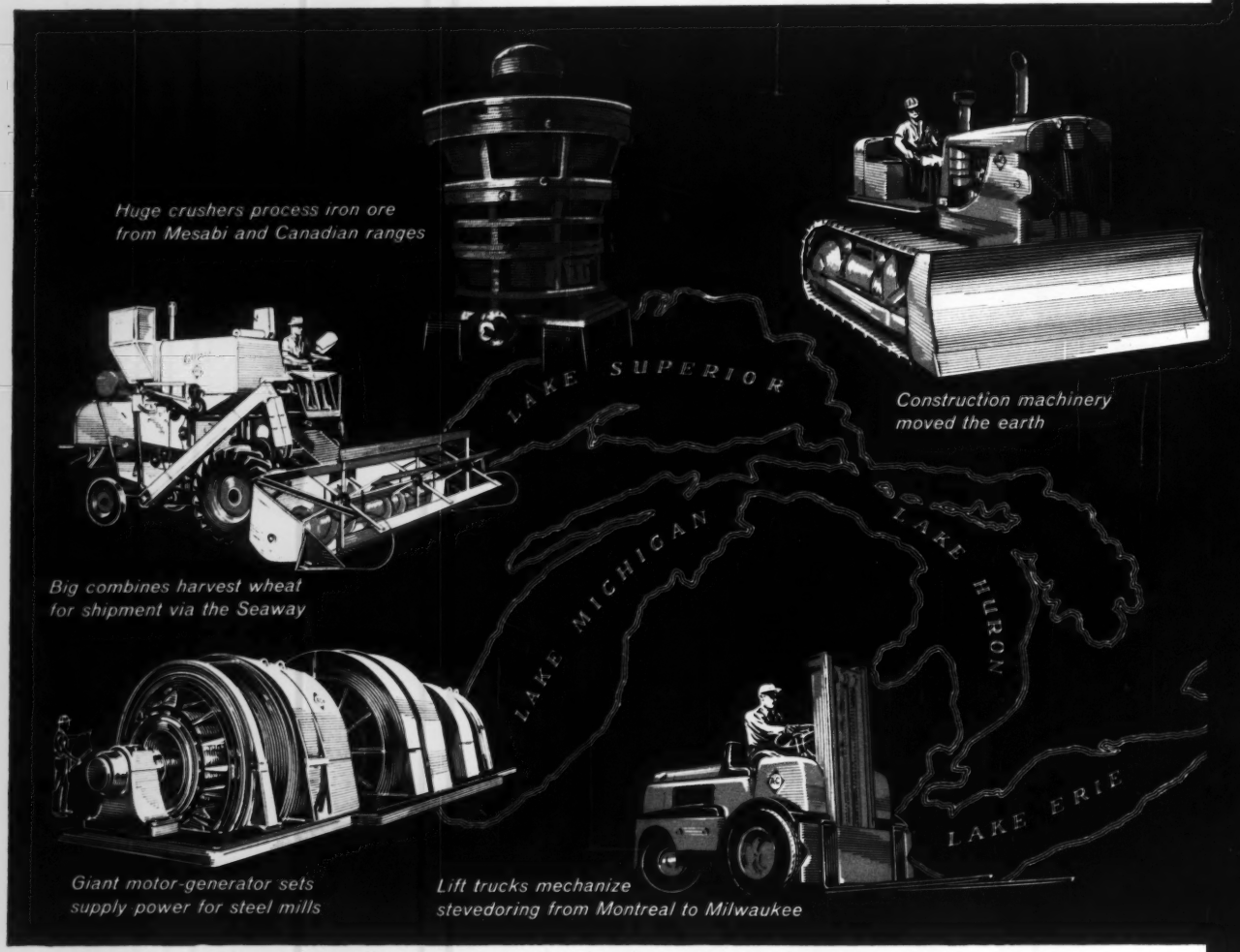


St. Lawrence Seaway...story of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Construction machinery moved the earth
Big combines harvest wheat for shipment via the Seaway
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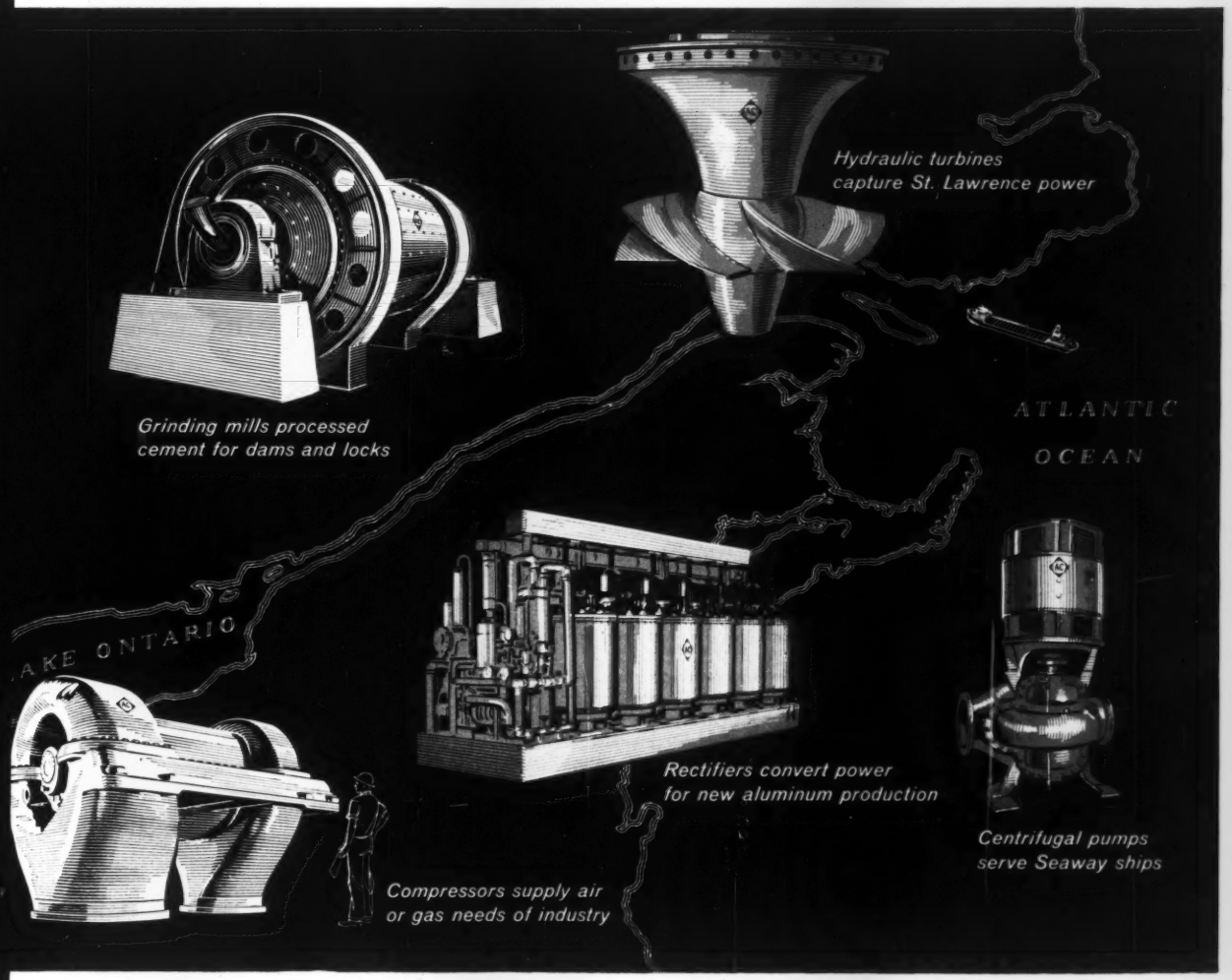
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Centrifugal pumps serve Seaway ships
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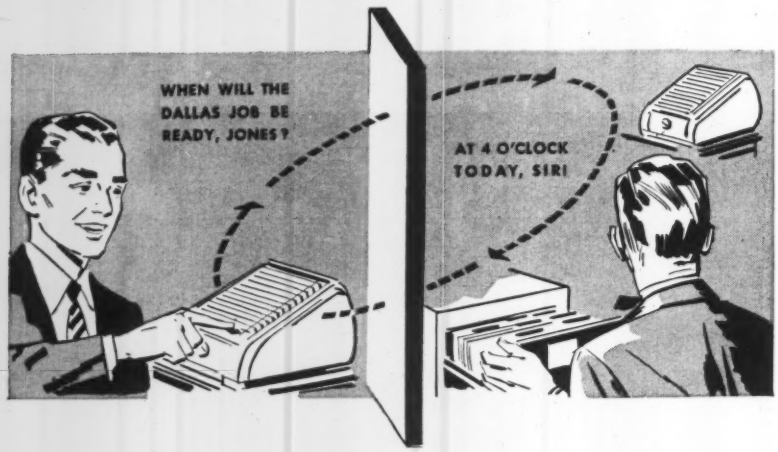
Dramatic as it is, the St. Lawrence Seaway spotlights only part of Allis-Chalmers partnership with industry. The wide range of our products is unique in all America . . . motors from 1 to 120,000 horsepower . . . pumps that handle from 10 gallons to 2 million gallons per minute . . . rock crushers that gobble boulders up to 5 feet wide . . . tractors for family-size farms or multi-million-yard earth-moving projects . . . electrical generating equipment (diesel, hydraulic, steam or atomic-powered) . . . and hundreds of others. An interesting new full-color booklet that tells more about our company is now available. We invite you to send for it.

POWER FOR A GROWING WORLD

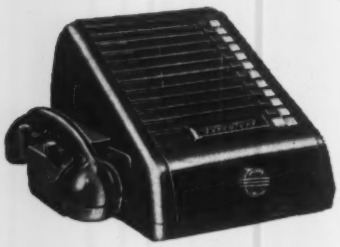
How to get more working minutes per hour!



There's no need for personnel to waste valuable time walking back and forth for information and instructions. With Executone Intercom they just push a button and talk—*instantly!*

Walking time becomes *working* time. Telephone lines are kept open for outside calls; roving employees are located *immediately!* Production is increased, costs are cut.

Installations in every type of business and organization *prove* that Executone *pays for itself many times over!*



PLUS "BUILT-IN" COURTESY!

Executone protects your privacy, never interrupts. Its Chime-Matic® signalling announces calls by soft chime and signal light! Mail coupon below and find out how *courteous* Executone pays for itself in more *working* minutes per hour!

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It sounds interesting. Send me the following— at no cost or obligation:

- ☐ "Talk Lines"—Case history magazine

Information on:

- ☐ Switchboard Relief
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In Canada—331 Bartlett Ave., Toronto

have cut into gains in over-all food sales. In addition, volume in canned goods and frozen foods has slackened somewhat, but is still over last year.

Many factors tend to keep the economy on its inflationary bent.

Although food prices are likely to edge downward this fall as new crops reach the market, shoppers will be confronted with higher prices in most other lines, especially apparel, appliances, and services. Prices on many items may be influenced by the wage settlement reached in the steel industry. Wage increases in other industries also may in part be responsible for pushing the consumer's price index to new high ground in the coming months.

In addition, increased borrowing of money by business to finance expansion could easily stimulate inflation if the Federal Reserve allows more money to be pumped into the economy to accommodate these needs.

Perhaps the most important stimulant to inflation in the period just ahead is the huge deficit in the Federal budget for the fiscal year ended June 30, 1959. The usual result of financing through the banks will occur, and more money will be put into circulation. This, along with excessive spending by business and consumers, will result in "too much money chasing too few goods," and price rises will be inevitable.

Following several weeks of sluggish activity, there was an upsurge in stock prices in mid-July, and some new records were hit. During the first half of the year, trading on the New York Stock Exchange was the heaviest for any such period since 1930.

Although industry will step up its output per manhour through investing in new labor-saving equipment, more new workers will be needed to accommodate production increases. The number of employed will hover around record levels for the rest of the year, and the jobless total will dip to somewhere around 4 or 4.5 per cent of labor force by the end of the year. The recent belated improvement in the general employment situation has been one of the brightest spots in the business picture to date.

This report was prepared in the Business Economics Department, DUN & BRADSTREET, INC., by John W. Riday.

A bicycle for Johnny...

delivered personally by Interstate System

Big city service to a small town, illustrating Interstate's swift, dependable LTL service to even the smallest points on the map. We serve over 8,000 points in 26 states — with special emphasis on less-than-truckload shipments to small towns. If you have freight to move within our authority — a dozen automatic washers, assorted crates for an implement store or another bicycle for another Johnny — give us a call. We think we will be able to give you the kind of service you want. We are listed in the Yellow Pages.

FOR YOUR FILES. *A free copy of our Merchandise Time Schedule, including a complete listing of Interstate's 243 timed departures offering exceptional service to many small towns. Just address Dept. D.*

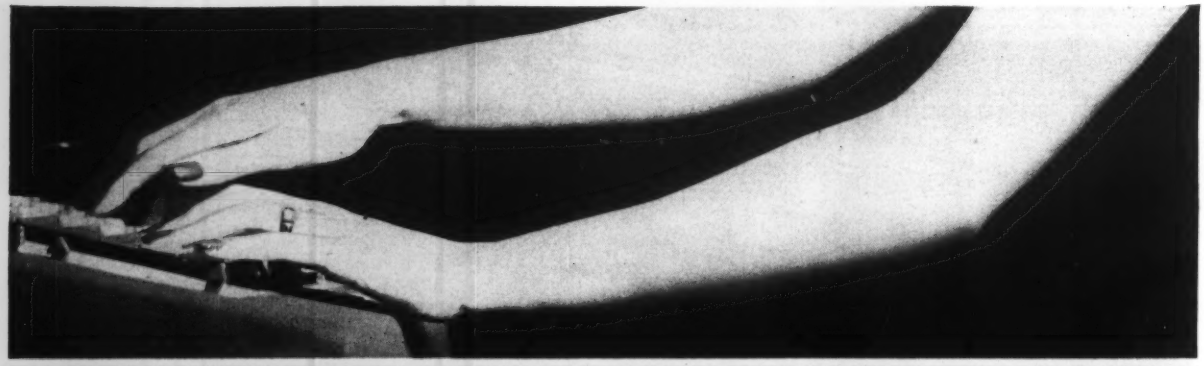
68 TERMINALS IN 26 STATES

COAST-TO-COAST SERVICE

FAST, DEPENDABLE, SURE

Grand Rapids, Michigan

MORE THAN A TRUCK LINE...A TRANSPORTATION SYSTEM



TWO HANDS + THIS MACHINE = A COMPLETE DEPARTMENT

What are your biggest bookkeeping jobs? Accounts Receivable, Payroll, Accounts Payable?

Then consider this fact. One of your workers using this Monroe President Accounting Machine can handle all three and will most likely have time left over for other work. In these most important phases of your business accounting, you'll save time, save money, eliminate errors. What's more, you'll enjoy the prestige of precise, printed forms, a sure sign that your business has come of age.

Act now, because now *any* business can afford mechanized accounting . . . The new President actually costs hundreds of dollars less than other machines in its class. Ask your Man from Monroe for an action demonstration in your office. Models start from $750.

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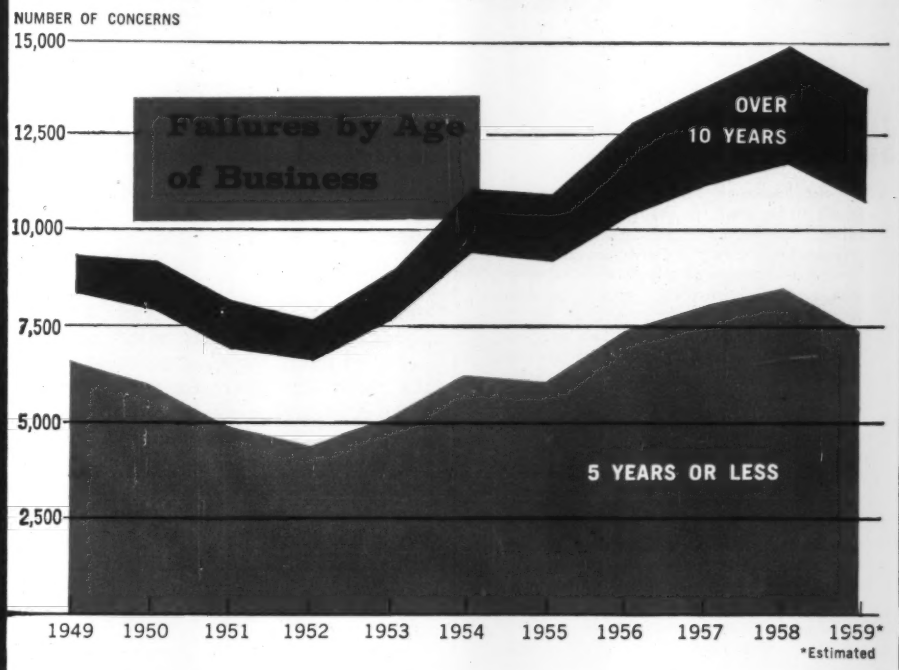
Business Failures



June Failures Edge Up

BUSINESS failures rose 10 per cent in June to 1,244, rebounding from the previous month's downturn but remaining below some earlier months this year. The increase, which ran counter to a normal seasonal dip of 6 per cent, occurred in all types of operation except construction and in all size groups below $100,000 in liabilities. However, it did not lift casualties so high as 1,260 that occurred in the same month a year ago.

The rate of failure, seasonally adjusted, moved up to 54 per 10,000 concerns listed in the DUN & BRADSTREET *Reference Book*. Although this was the most severe rate this year, it was 6 per cent below the rate of 57 in June 1958.

Dollar liabilities continued down to $49.2 million, an eight-month low and 20 per cent below last year's volume for the comparable month. Casualties involving liabilities of $100,000 or more accounted for the decline. Those of smaller size exceeded or held close to year-earlier levels.

Construction casualties ran counter to the over-all upturn from May, dipping in the general building line. The month's sharpest rise occurred in wholesaling, with a noticeable climb in the building materials and food trades. In manufacturing, steel casualties rose appreciably, and in retailing, more restaurants succumbed than in any month since March 1958.

Nearly all of the year-to-year dip was concentrated in manufacturing. Several industries—food, textiles, apparel, and printing and publishing—had fewer casualties than a year ago. The toll among retailers came within

THE FAILURE RECORD

	June 1959	May 1959	June 1958	% Chg.†
DUN'S FAILURE INDEX*				
Unadjusted	53.3	50.7	56.7	− 6
Adjusted, Seasonally	53.8	48.3	57.3	− 6
NUMBER OF FAILURES	1,244	1,135	1,260	− 1
NUMBER BY SIZE OF DEBT				
Under $5,000	167	139	147	+14
$5,000—$25,000	583	554	605	− 4
$25,000—$100,000	397	343	378	+ 5
Over $100,000	97	99	130	−25
NUMBER BY INDUSTRY GROUPS				
Manufacturing	203	193	235	−14
Wholesale trade	130	93	125	+ 4
Retail trade	633	567	640	− 1
Construction	167	172	161	+ 4
Commercial service	111	104	99	+12
LIABILITIES (*in thousands*)				
CURRENT	$49,197	$50,917	$61,445	−20
TOTAL	51,302	51,004	62,174	−17

*Apparent annual failures per 10,000 enterprises listed in the DUN & BRADSTREET *Reference Book*.

†Percentage change, June 1959 from June 1958.

In this record, a "failure" occurs when a concern is involved in a court proceeding or in a voluntary action likely to end in a loss to creditors. "Current liabilities" here include obligations held by banks, officers, affiliated and supply companies, or the governments; they do not include long-term publicly held obligations.

KEEP YOUR CARLOAD CUSTOMERS FROM *"cooling their heels"*

To keep customers, keep 'em satisfied—as B&O SENTINEL SERVICE does—with siding-to-siding dependability.

Sentinel cars are watched closely with prompt reporting to shippers and receivers of any in-transit interruption.

SENTINEL SERVICE will treat your carload customers right. Try it!

Ask our man!

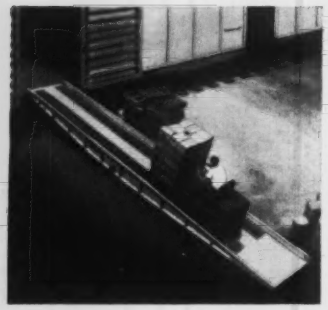
B&O

BALTIMORE & OHIO RAILROAD

Constantly doing things—better!

MAGLINER

the Mobile Loading Ramp that's . . .



HERE!

Wherever ground-level loading costs are down—you'll find a Magliner Mobile Loading Ramp on the job. Magliners are the versatile answer to *all* ground-level loading problems. Constructed of strong, lightweight magnesium, this "loading dock on wheels" is easily moved . . . here, there, *everywhere!* . . . paving the way for fast, efficient material flow from ground to carrier, ground to dock . . . wherever, whenever it's needed!

THERE!

With Magliner Mobile Loading Ramps you get maximum safety all year 'round. New non-slip gratings eliminate power truck slippage caused by rain, snow, mud, grease build-up, etc. Spring-loaded safety chains lock Magliners securely to railcar or truck . . . Tire-Saver Safety Curbs prevent power truck runoffs, protect tires against damage. Fast, smooth, safe ground-level loading . . . anytime!

EVERYWHERE!

If you load or unload trucks or railcars, you'll want to know how Magliner Mobile Loading Ramps have helped others eliminate multiple handling . . . multiple crews . . . multiple costs! Send today for bulletin DB-211—"Everyday Ground-Level Loading Problems and How to Solve Them."

NEW NON-SLIP GRATING TRACKS
safe, sure, all-weather power truck traction.

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Send Bulletin DB-211

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Canadian Factory: Magline of Canada Limited, Renfrew, Ontario

MAGLINER MAGNESIUM MOBILE LOADING RAMPS

1 per cent of the previous June because improvement in furniture and house furnishings outlets and drugstores was offset by heavier mortality in the food, general merchandise, and apparel lines. Personal and business service enterprises and building subcontractors pushed total service and construction mortality above 1958.

Geographically, marked upturns from May occurred in the East North Central and Middle Atlantic states, reflecting the heavier tolls in large cities, particularly Chicago, Cleveland, and Pittsburgh. The only declines from the previous month appeared in the South Central and Pacific states. The latter area's total fell off despite California's increase to the highest level since last September.

Comparisons with June a year ago reveal a 28 per cent downturn in the South Atlantic states. Florida had only half as many casualties. But five regions reported increases from the previous June. Illinois and Colorado contributed considerably to the heavier tolls.

FAILURES BY DIVISION OF INDUSTRY

	Cumulative total January—June		Liabilities in million $ January—June	
	1959	1958	1959	1958
MINING, MANUFACTURING...	1236	1442	96.5	139.0
Mining—coal, oil, misc....	38	47	3.9	6.9
Food and kindred products	89	103	7.5	7.8
Textile products, apparel..	204	284	9.9	20.3
Lumber, lumber products..	252	254	12.1	18.0
Paper, printing, publishing.	83	96	3.6	5.4
Chemicals, allied products.	32	33	2.5	1.5
Leather, leather products..	45	65	4.3	8.9
Stone, clay, glass products.	29	33	2.4	3.1
Iron, steel, products.....	73	94	5.0	10.1
Machinery.....	125	153	20.8	15.8
Transportation equipment.	46	39	4.8	13.4
Miscellaneous.....	220	241	19.6	28.0
WHOLESALE TRADE.....	717	772	45.1	38.5
Food and farm products..	156	173	14.8	7.9
Apparel.....	23	42	0.9	2.0
Drygoods.....	19	28	0.5	0.9
Lumber, bldg. mats., hdwre.	78	99	5.5	6.7
Chemicals and drugs.....	30	25	0.8	0.5
Motor vehicles, equipment.	39	35	2.4	1.0
Miscellaneous.....	372	370	20.2	19.5
RETAIL TRADE.....	3720	4124	136.6	131.0
Food and liquor.....	603	582	16.2	13.0
General merchandise.....	175	157	13.9	6.5
Apparel and accessories...	598	670	27.7	20.0
Furniture, furnishings.....	447	626	19.6	26.8
Lumber, bldg. mats., hdwre.	223	256	7.2	8.5
Automotive group.....	514	589	13.7	24.5
Eating, drinking places....	722	767	20.3	20.0
Drug stores.....	57	84	1.4	1.9
Miscellaneous.....	381	393	16.6	9.8
CONSTRUCTION.....	1042	1132	56.2	58.3
General bldg. contractors..	361	456	28.5	32.4
Building subcontractors...	595	613	21.0	21.5
Other contractors.....	86	63	6.7	4.4
COMMERCIAL SERVICE.....	653	601	34.8	36.2
TOTAL UNITED STATES.....	7,368	8,071	369.2	403.0

Liabilities are rounded to the nearest million; they do not necessarily add up to totals.

This report was prepared in the Business Economics Department by Rowena Wyant.

Chevy outsaves other makes by 20% in 800-truck bakery fleet

"Univac says it and I'll say it too. Chevrolet is our kind of fleet vehicle."

—OGDEN A. GEILFUSS, PRESIDENT, SOUTHERN BAKERIES COMPANY, ATLANTA, GEORGIA

"We work our Chevrolet trucks hard. They're on the go 10 hours a day, 6 days a week, and average 78 stops along their routes. With a gas bill that comes to more than a million dollars a year, it pays us to stay on top of expenses every mile we haul. Our Univac machine says it and I'll say it too: Chevrolet is our kind of fleet vehicle. Our business demands Chevy's brand of economy."

This firm is getting just what it needs from Chevrolet forward control models equipped with Thriftmaster Special 6, heavy-duty 3-speed transmission and heavy-duty clutch. The bakery's Univac machine, which keeps an accurate check on truck operating costs, reports that *the Chevies are delivering 2.1 miles more per gallon* than the other makes in the fleet . . . outsaving 'em all by 20%!

Today, Chevy is winning a lot of new boosters among management for a number of good reasons. Reasons like newly improved 6's and V8's that nurse a gallon of gas like nothing in trucks has before; and *tough* chassis components that lead to new lows in maintenance. Why not see your Chevy dealer soon? . . . Chevrolet Division of General Motors, Detroit 2, Michigan.

Univac is a registered trade mark of the Sperry Rand Corp.

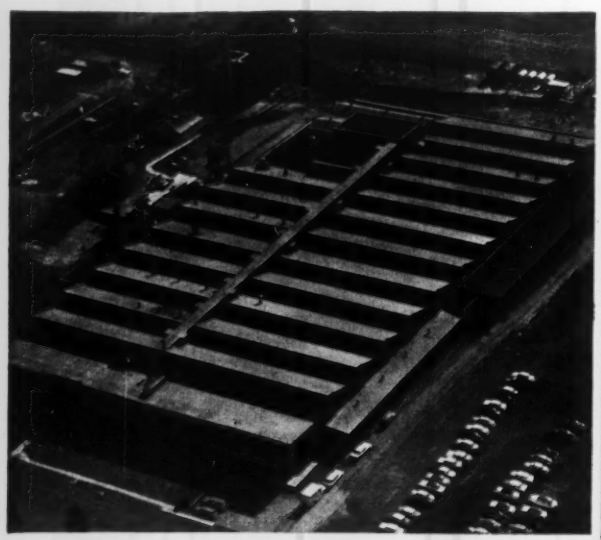
CHEVROLET

No job's too tough for a Chevrolet truck!

Expanded development and production facilities now make possible broader lines, improved quality and lower cost of

REYNOLON® PLASTIC FILMS

New solvent recovery unit makes possible more efficient, lower cost production of quality Reynolon films.



Reynolds plant at Grottoes, Virginia covers 126,000 square feet. It is one of the most modern and best equipped plants of its kind in the country.

Leading companies in diversified industries use Reynolon polyvinyl alcohol and polyvinyl chloride films for a variety of uses. Here are some of the most popular Reynolon films:

REYNOLON PVA FILMS: *Reynolon PVA*/4-6 series is designed for bag molding. It speeds production —is far less costly than matched metal dies. Ideal for molding reinforced plastic parts . . . *Reynolon MBA*/4-3 series is a "super-pli" film developed to improve adhesive metal bonding. It takes temperatures to 500° F and pressures required to insure a satisfactory bond. Extremely pliable, easily formed . . . *Reynolon Water Soluble* film is completely soluble in water—ideal for packaging solids, liquids, powders. Film is individually tailored to each specific application . . . *Reynolon Matte-Finish* is a new film designed for use in furniture, cabinet and wall panel fabrication.

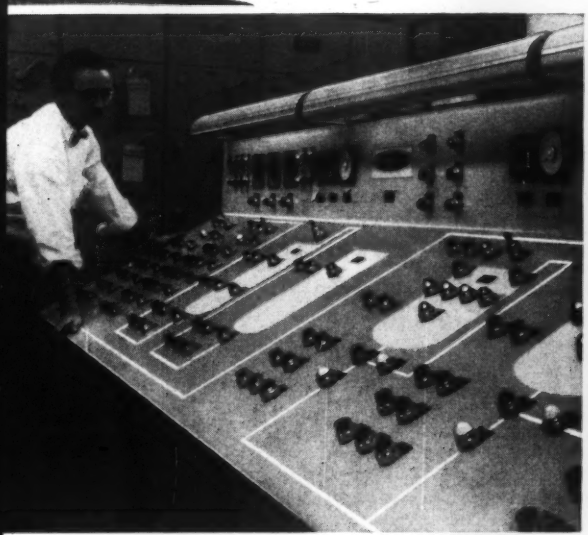
REYNOLON PVC FILMS: *Reynolon Cast Vinyl* films are available for skin packaging, for use as glass substitutes, for fabrication on protective cover products, inflatables, oxygen tents and other applications. They are clear, durable, chemically inert, have low moisture vapor and gas transmission rates, are heat or electronically sealable, printable, colorless, non-toxic.

Reynolon Shrinkable Oriented PVC is a new film ideal for packaging of meats, vegetables, fruits and a variety of products such as window shades, stationery supplies, paper products and many others. This film is crystal clear, shrinkable to form a skin tight package. It has high tensile strength, offers low temperature flexibility, has good shelf life. Printable and sealable by heat, by solvents or by adhesives. It can be metalized. Easily laminated to paper, chipboard and other materials.

For details and technical assistance on Reynolon films, contact the Reynolon Plastic Specialist in the Reynolds office in New York, Camden, Detroit, Chicago, St. Louis or Los Angeles. Or write *Plastics Division, Reynolds Metals Company, P.O. Box 2346-RD, Richmond 18, Virginia.*

REYNOLON
PLASTIC FILM
PLASTICS DIVISION
REYNOLDS METALS COMPANY

PLASTICS DIVISION • REYNOLDS METALS COMPANY



Modern control panel for mixing system. Resin is weighed, solvents are metered and conveyed automatically to mixers and to holding tanks.

An inspector watches Reynolon 54" PVA film come off a bandcaster.

ANOTHER SHORTCUT WITH RECORDAK

700,000 card holders "charging it" the world over

—but American Express finds the record-keeping easy with the help of Recordak Microfilming!

From Rio . . . Chicago . . . Majorca . . . Bombay . . . Tokyo—almost any place you can name—comes wave after wave of charge tickets from the more than 32,000 participating establishments.

Also streaming in are card-holder remittances and applications by the thousands from every section of the U.S. This gives some idea of the paper work that American Express Credit Card Headquarters (NYC) must process—*in fastest time and at lowest cost.*

Taking pictures of these and other incoming items with Recordak Microfilmers (located at key points) does much to keep the paper work flowing from department to department. And brings these advantages—

1. **Cuts costs** by eliminating manual transcription on job after job.
2. **Speeds customer billing,** payments to participating establishments and approval time on Credit Card applications by providing copies of records instantly.
3. **Establishes tight control**—any item, out of millions, can be viewed immediately in a Recordak Film Reader.

All of which improves service and results in better good will with American Express Credit Card holders as well as restaurants, hotels, motels, night clubs, florists, gift shops, and all others honoring the card.

Costs only a fraction of a cent to get a picture of any item with the Recordak Microfilmers used by American Express Company. The Reliant model (above) automatically feeds hundreds of items per minute, cancels or endorses them, and codes the microfilm to make reference easier. Each tiny image is sharp and clear when enlarged in a Recordak Film Reader.

All the charge tickets you signed are microfilmed and the originals returned to you with a concise, monthly statement—one of the many ways Recordak Microfilming cuts costs for American Express by eliminating tedious, manual transcription. Film rolls give Credit Card Headquarters in New York an easily stored, photographically accurate record of all transactions on your account.

An American Express Credit Card is presented at Hotel Miramar overlooking Rio de Janeiro's famed Copacabana Beach

WHAT EVERYONE IN BUSINESS SHOULD KNOW ABOUT RECORDAK MICROFILMING

☐ It is a fast, low-cost way to copy records of any type or size. Up to 400 items can be photographed in 1 minute . . . up to 60 pictures made on a cent's worth of film.

☐ Thousands of concerns—in more than 100 different types of business—are using this unique photographic process to speed daily business routines.

☐ Principal use in business is to eliminate—or greatly reduce—manual record-keeping on all types of jobs. Space savings of 99% and greater protection are extra dividends in such systems applications.

☐ Recordak Microfilmers are designed for all requirements and budgets. Thirty-day free trial lets you try without obligation to buy or rent.

Send for free booklet, "*Short Cuts with Recordak Microfilming*," which gives further details. Or have a Recordak representative or Recordak Microfilming Dealer call. No obligation!

"*Recordak*" *is a trademark*

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(Subsidiary of Eastman Kodak Company)

originator of modern microfilming
—now in its 32nd year

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Gentlemen: ☐ Have representative phone for appointment.
☐ Send free booklet, "Short Cuts with Recordak Microfilming." HH-8

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Company_____ Street_____

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In Rock Island Country, labor is plentiful, water, gas and electricity is abundant, taxes are reasonable.

The industrial site specialists pictured above are natives of Rock Island Country. They know their areas like the backs of their hands. They can help you select a site at the Port of Chicago, the Denver Gateway, booming Oklahoma City, or the dynamic Dallas-Ft. Worth-Houston area that will be tailor-made to your needs. Or, they can locate you along America's most important rivers.

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Voice of Industry

The High Cost of Growth
Putting the Supplier on the Team
How "Fair" Is Competition?
Foreign Trade Russian-Style

RALPH E. CROSS, *executive vice president, The Cross Company*

What Price Progress?

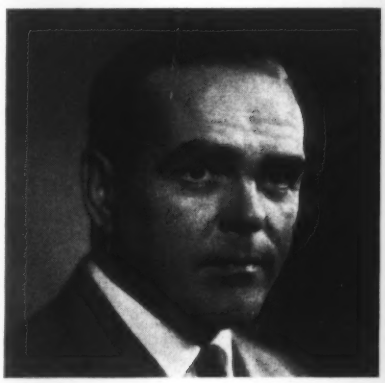
It is time that we realize that the very essence of growth is the destruction of the old way of doing things and constant replacement with new technology. There is only one way to a high standard of living and to full employment and that is through the acceleration of technological progress.

To grasp the magnitude of the changes taking place in U.S. industry, consider this fact: Industry must invest 40 billions annually in plants and machinery to maintain the jobs that are in existence today and to provide jobs for the 400,000 to 500,000 people entering the labor force each year. Every new job costs from $12,000 to $15,000, and every job in existence requires an expenditure of $450 annually to keep it alive.

But we are not keeping pace with technological progress by pumping large amounts of capital into new plants and equipment. Instead, more and more American companies are building plants abroad to protect their markets. Many an American business is faced with the fact that it cannot make its products here and compete in world markets and, in many cases, in our own American market. The alternative is a drastic reduction in business or the export of some of its capital resources to another country, the erection of a plant there, and the development of a world-wide business from a foreign base.

All this is simply one more manifestation of the fact that the United States is gradually pricing itself out of world markets.

From a speech before the Summer Management Conference, St. Clair, Mich.



MARK W. CRESAP, JR., *president, Westinghouse Electric Corp.*

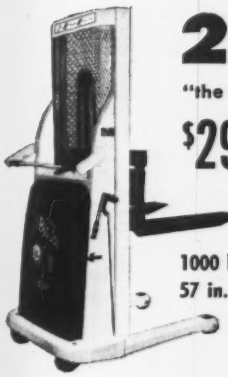
Untapped Talent Pool

American companies have under-used the talents and facilities of their suppliers. There are tremendous benefits to be gained from an orderly, planned corporate approach to this problem. In purchasing language, too few companies have made their suppliers' development ability a significant factor in the value decision.

It is the objective of every com-

3 TOP VALUES
From Among 80 BIG JOE Lift Truck Models

1
"the PEDALIFT 21"
$199.00 complete
1000 lb. capacity
54 in. lifting height



2
"the 299"
$299.00 complete
1000 lb. capacity
57 in. lifting height
Battery Operated

3
"the CHALLENGER"
$397.50 complete
1500 lb. capacity
57 in. lifting height
Battery Operated

Hydraulic Handling for EVERY Department
BIG JOE Manufacturing Company
Ralph Hines Road
Wisconsin Dells, Wisconsin

make room in your files for Borroughs' 24-page illustrated price list . . . send for copy today!

Facts and figures without frills — that's what you get when you have Borroughs illustrated metal office furniture price list on hand for ready reference. Here's a publication that SHOWS you — and TELLS you — all you want to know about Borroughs' widely known line of office furniture products including all accessories . . . and the retail price of every item is listed for easy ordering. So be sure to send for a copy of this price list now. In fact, Borroughs will gladly send one for your purchasing agent too, so you both can discuss Borroughs' fine metal office furniture in complete accord.

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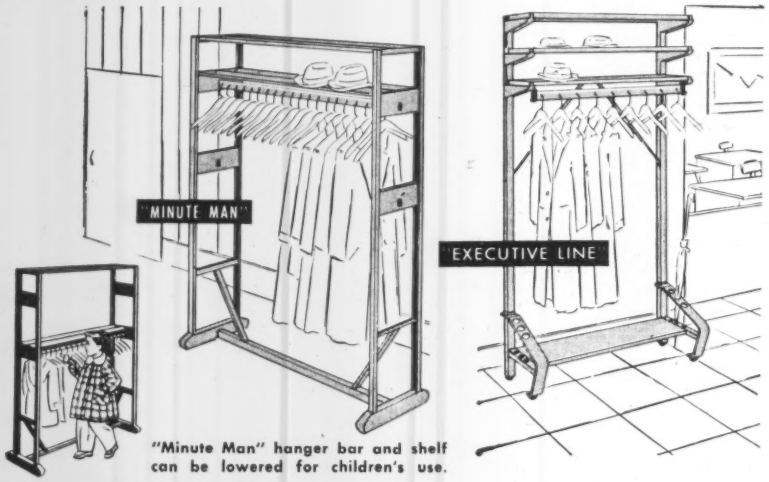
GARMENT RACKS

are "tailored" to your needs

Need a small capacity garment rack for a limited area? . . . a long battery of garment racks for busy garment-hanging traffic? . . . a portable rack that can be assembled or transported in a hurry? You name the need . . . Borroughs has the racks. There are "Executive" models for home or office — "Century" models for fast, efficient garment checking — "Minute Man" models for special needs. All have Borroughs' exclusive "Wonder Bar" that can be reversed to increase hanger capacities at will — PLUS many more features described in Borroughs' illustrated price list.



"Minute Man" hanger bar and shelf can be lowered for children's use.

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A SUBSIDIARY OF THE AMERICAN METAL PRODUCTS COMPANY OF DETROIT

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pany to stay well ahead of its competition in the development of new and better products. In this objective, why shouldn't a company look upon its supplier as its natural partner? Why shouldn't a company use him as a member of a team to cost-reduce and improve its current products? Why shouldn't the supplier contribute through a long-range team development program to the solution of design problems for new products now being developed?

On such a team, the purchasing people would be the chief communicators with the supplier—the eyes and ears directed toward a tremendous reservoir of know-how, imagination, and ambition.

From a speech before the National Association of Purchasing Agents.

EDWARD S. EVANS, JR., *president, Evans Products Company*

Integrity in Competition

What do we have a right to expect from our competitors? I think we have a right to expect that others may enter the field of enterprise, flourish and prosper in direct competition with others, so long as the rights of others are not undermined by practices which work to the general detriment of the particular industry involved. In other words, we have a right to expect integrity from those who operate in the same sphere of business activity. This is the foundation of our economic system. Ours was not meant to be a "survival of the fittest," "dog-eat-dog" kind of economy. If this were so, American business would be nothing but legalized gangsterism.

Unfortunately, competitive integrity is not a basic operational principle throughout all industries. You would

have a hard time finding a company that would admit it does not abide by the rules of the game. But there are only certain things which cause prices of some commodities to dive and swoop like a roller-coaster. And we've all had a hair-raising ride or two.

If we continue down the road of ruinous competition, sooner or later someone will switch to another unwholesome tactic and try to persuade us in self-defense to adopt some sort of "stabilization" plan. This can be as unsavory as cut-throat competition, for this too undermines the basic principles of our economic system.

From a speech before the National Plywood Distributors Association.

O. V. TRACY, *vice president, Esso Standard Oil Company*

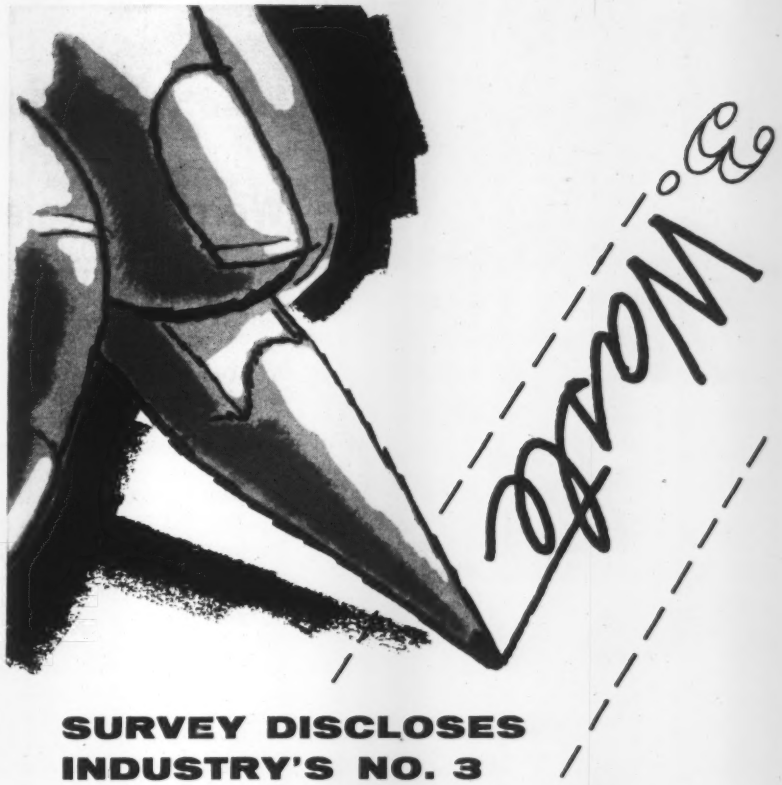
Trade or Subsidy?

The Soviets have added a new cold war weapon to their arsenal. They call it "trade and aid." I prefer calling it economic warfare—for the concept of normal trade with the Communists is a delusion.

Some Free World nations, however, have not been as hesitant as America about supplying the Soviets with machinery and technical skills they want. The recently reported British-Soviet trade agreement is a good example. This five-year pact contains provisions for giving the Russians complete chemical and synthetics plants, among other things. In addition, other European countries also are sending Russia all types of machinery—much of it destined for the Soviet chemical industry.

The Europeans aren't "trading." They are subsidizing their competitors. There is a deadly iron fist hidden in this velvet glove of so-called "peaceful trade."

From a speech before the Manufacturing Chemists' Association.



SURVEY DISCLOSES INDUSTRY'S NO. 3 SKIN HYGIENE PROBLEM: WASTE SOAP

Here's The Answer To It From SBS

The most difficult three industrial skin hygiene problems, as rated by 2,177 major plants recently surveyed, are:

1. *SKIN DISEASE*
2. *REMOVAL OF TOUGH SOILS*
3. *WASTE OF SOAPS*

Closely associated with the actual problem of skin disease is the costly waste of soaps in *all* plant areas. Liquid soaps run off hands too easily, other types melt or spill. Where wasted soap accumulates, extra housekeeping expenses are involved, sub-sanitary conditions exist and worker dissatisfaction mounts. Often the combined cost of soap waste and resulting maintenance can add up to more than the original cost of the soap supply. Small wonder industry rates it as such a problem!

What's the answer to it? Ask an SBS representative to show you "Operation Pinpoint", 10 minute sound slide digest of the national survey, and you'll see how a *planned corrective program* can solve all these skin hygiene problems. Since SBS produces a *complete range of cleansers,* he can suggest the right cleanser for each job. For the safest, savingest answer to skin disease, tough soils, and soap waste, write today . . . Dept. 2H.

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We raised sales 10% with USS "T-1" Steel

The Drott Manufacturing Co., Wausau, Wisconsin, makes front-end shovels for crawler tractors. Customers want the largest capacity bucket with the least weight to keep the machine balanced.

Edward Drott, President, says, "We went to USS 'T-1' Steel because we needed 40% more strength with 30% less weight than was possible with conventional materials. Payload was boosted by 1,200 pounds.

"The use of 'T-1' Steel enabled us to get the jump on our competition and we let our customers know, immediately, of the advantages of 'T-1' Steel by advertising extensively.

"At this point," Mr. Drott says, "we are one of the leading manufacturers of front-end shovels in the field. We attribute at least 10% of our sales volume to the successful application of USS 'T-1' Steel to our products."

Why not get the facts on how USS "T-1" Constructional Alloy Steel can help boost the sales of your products. "T-1" Steel's great strength (100,000 psi minimum yield strength) helps trim costly dead weight from all kinds of equipment, mobile or stationary. Its outstanding resistance to impact abrasion, when furnished to 321 minimum Brinell hardness, increases service life as much as 10 times in abusive applications. USS "T-1" Steel stays strong and tough down to 50° below zero—and it is weldable and workable, too.

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WASHINGTON Business Front

JOSEPH R. SLEVIN

- ✓ *Despite talk of foreign gains in world markets, few U.S. industries are seeking import restrictions.*
- ✓ *Frequent Presidential vetoes of escape clause petitions dampen hopes for relief in some industries.*
- ✓ *Costly improvements in the nation's superhighway system will be needed to handle heavier traffic.*

WASHINGTON, D.C.—Surprisingly few American industries are pressing the Government for additional protection against imports of foreign goods. Only a small handful of cases is awaiting decision by the United States Tariff Commission and the Office of Civil and Defense Mobilization, the two agencies that act on petitions for relief. There is little pressure for new Congressional curbs to help individual industries.

It may be just a lull in what has been a continuously turbulent situation since the end of World War II. But it may be a sign that American industry feels less need for Government assistance. No one knows for sure. The next eighteen months will be revealing.

The lack of demand for increased protection is in striking contrast to the widespread talk that rising prices are threatening to push American products out of world markets. High costs doubtless are causing trouble for some companies. But most industries appear to be holding their own both at home and abroad. Foreign manufacturers haven't been making a deep enough dent in American markets to send U.S. producers running to the Government for help.

Overseas producers have registered their biggest gains in the American automobile market. Sales of foreign cars have been climbing dramatically and are expected to account for about 500,000 of the 6 million cars American consumers will buy this year. But U.S. automobile companies have been steadfast opponents of protectionism and have no plans to ask the Government to put roadblocks in the way of foreign car makers.

Some got what they wanted

However, the general air of peace and quiet is a little misleading, since some of the most vociferous bidders for increased protection have been keeping their peace only because they got what they wanted during the past few years.

The oil producers successfully pressured the Government into imposing mandatory quotas on oil imports. Residual fuel oil has been placed under quotas and that has partially mollified the coal producers. The wool textile manufacturers have won a quota on foreign goods. The cotton textile manufacturers stopped calling for curbs on textile imports after Japan "voluntarily" agreed with the United States to limit exports of cotton goods to the American market. The cotton manufacturers are less than completely satisfied, but they have been cheered by a sharp pick-up in sales during recent months.

The upsurge in business activity that has helped the textile companies is undoubtedly partly responsible for the absence of greater protectionist sentiment. It's axiomatic that a company is more likely to complain about foreign competition in a recession than in a boom.

Domestic steel producers set off a flurry of comment last November when they gave the Tariff Commission two petitions for relief at a time when they were operating far below capacity. The Commission held three days of hearings in March, then dismissed the applications. It said the producers hadn't supplied adequate information to support their petitions and added that the facts it did obtain did "not suggest that imports . . . are causing or threatening serious injury to the domestic producers."

The steel companies asked for relief under the escape clause provision of the Reciprocal Trade Agreements Act. This is the road that most companies follow when they want the Government to provide greater protection against foreign competition. The Commission conducts an investigation. If it finds that imports are injuring or threatening to injure an American company, it reports its findings to the President and recommends that he curb the imports by a higher duty or by a quota.

The President can accept, reject, or modify a Commission recommendation—or send a case back to the Commission for further investigation. The protectionists have been unhappy about the number of times that President Eisenhower has turned down a

consideration of a Western Plant Site from a Traffic Manager's Viewpoint

Among the various factors to be carefully considered when selecting an industrial plant site, transportation is of vital importance.

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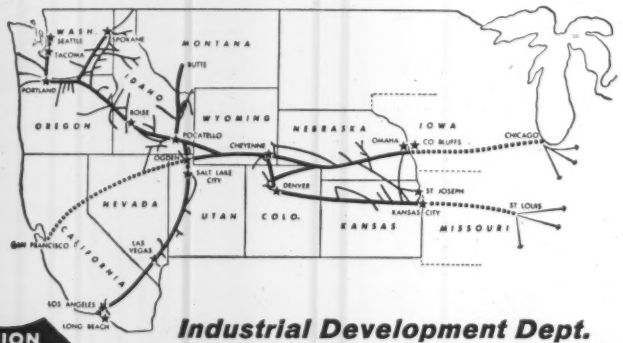
We suggest you contact your nearest U.P. representative, or get in touch with us direct, for confidential plant site information.



UNION PACIFIC RAILROAD

Industrial Development Dept.

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OMAHA 2, NEBRASKA

Commission finding. When Congress wrote the 1958 Trade Agreements Extension Act, it provided that Congress may override a Presidential rejection if a concurrent resolution is approved within 60 days by a two-thirds vote of each house. That provision has yet to be used.

The Commission has received 99 applications for relief during the past twelve years and has fully investigated 83. It rejected 51, split 3-to-3 on five, and called for increased protection on 27. Presidents Truman and Eisenhower granted relief in only eleven of the 32 cases that reached their desks and rejected twenty. One still was pending at midyear. Foreign critics of U.S. trade policies, such as Britain's President of the Board of Trade, Sir David Eccles, cannot have looked very closely at the results of the escape clause actions.

Protectionist dissatisfaction with escape clause proceedings led Congress to provide a second relief mechanism in 1955. It said that imports are to be curbed whenever their impact on the domestic economy is severe enough to impair national security. A number of industries that failed to win escape clause relief thought the national security clause would be a sure-fire solution for their troubles, but it hasn't worked that way.

The President invoked the national security clause to slap mandatory quotas on oil imports. No other industry has successfully pressed a national security case. Five applications have been denied—wool textiles, cordage, and the bitterly controversial watches, clocks, and heavy electrical power equipment petitions.

Best in the world?

Americans are proud of the dollar, and it comes as a shock to many of them to realize that the dollar is worth less than some other currencies. A number of developments are responsible, including a heavy flow of U.S. capital into overseas enterprises and the growing economic strength of European countries. Sen. J. Allen Frear, Jr. (D., Del.), recently put the question in words that Treasury Secretary Robert B. Anderson couldn't quite swallow.

"What currencies in the world are superior to the American dollar?" Senator Frear asked.

A Treasury aide started whispering a list to Secretary Anderson that included the Canadian dollar, the Swiss

franc, and the West German D-mark, but the Secretary pulled away and looked at Senator Frear.

"I don't think there is any currency in the world superior to the American dollar," he said firmly.

Senator Frear allowed that perhaps he had been wrong to use the word "superior."

Traffic gains on the planners

One reason that the 41,000-mile interstate superhighway system is going to cost much more than had been anticipated is that traffic is increasing more rapidly than expected. Federal road officials are confident that their latest traffic forecasts will hold up, but if they are wrong the costs of the road network will go up again.

Heavier traffic means more lanes, wider shoulders, more frequent access, and more expensive interchanges, among other things. The cheapest interchange is the diamond that has four ramps, one entrance and one exit on each side of the road. Next on the scale is the once glamorous cloverleaf that now is considered typical of the "early" interchanges. Most costly is the direct connection that is being built at all major points on the interstate.

Crisis for conservatives

The Eisenhower Administration and the Republican Party are staunch believers in reducing Federal activities and turning over greater responsibility to local governments. It's a key bit of GOP philosophy, but like so many theories, it occasionally can cause trouble in practice.

Senator Carl T. Curtis (R., Neb.), one of the most conservative members of his party in the upper chamber, discovered several weeks ago that the Senate had passed a bill that would require the Federal Government to relinquish its authority to set ceilings on the incomes that may be received by public housing occupants. The measure would give the ceiling-setting power "to every ambitious mayor in the country," Senator Curtis charged.

Senator Wallace F. Bennett (R., Utah), one of the ablest of the Senate conservatives, hastily tried to explain to Senator Curtis that the plan seemed desirable since it would get the Federal Government out of the job of setting the ceilings and would turn the responsibility over to local governments. END

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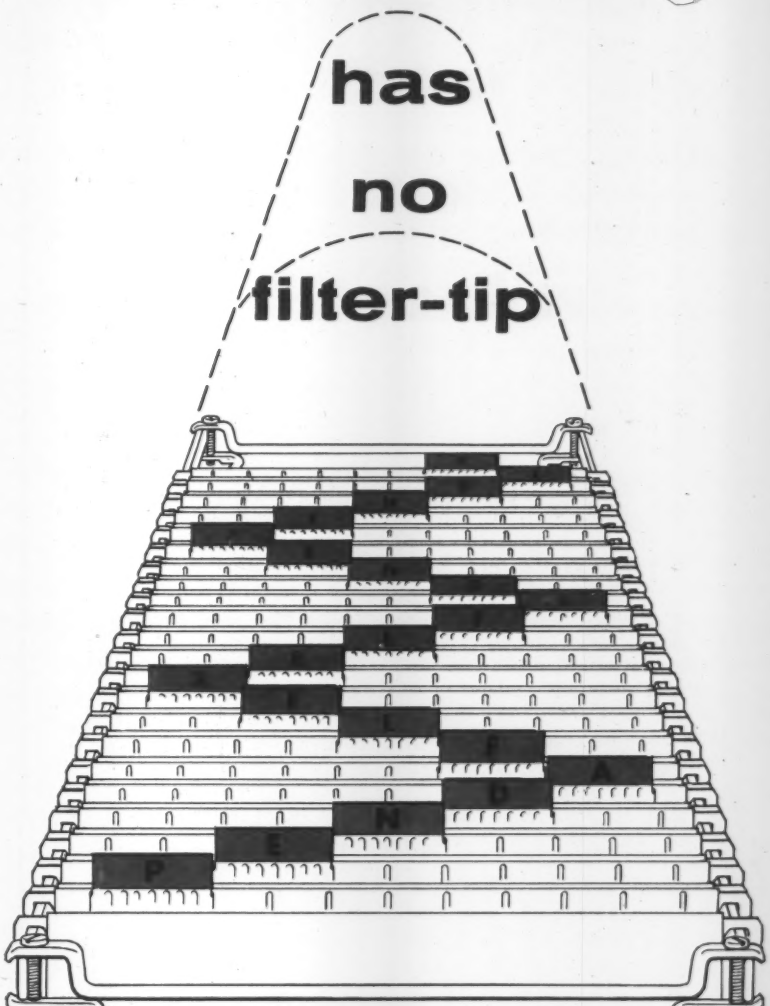

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Tax forecast: No relief in sight

Federal services are up, but payroll is steady

Cold War costs make budget cuts unlikely

The long-term hope: Bigger GNP

The Growing Cost of Big Government

NOTICE to taxpayers: The size of your 1961 tax bill will depend more on the ambitions of the men in the Kremlin than on the political philosophy of the man in the White House. For the plain fact is that there's only one thing that could materially alter the Federal spending pattern in the next two or three years. And that one thing—a genuine cold war armistice—just doesn't seem to be in the cards today.

Any business man who bases his plans on campaign promises of an early and substantial tax cut is in for a rude jolt. Even in the event of a Republican victory, no real tax relief can be expected for many months to come. The pattern of Federal spending has been set by this Administration and this Congress, and you can't turn a big ship around in a hurry.

In the current fiscal year, which ends June 30, 1960 (all references are to fiscal years), Uncle Sam will take from the American taxpayers more than double the amount he took a decade ago. His take will be more than twice the amounts he collected from the taxpayers in 1948, in 1949, and in 1950.

But what most taxpayers don't realize is that the cost of operating the Federal Government—paying the President's salary and manning the various departments and agencies—has not increased substantially in the last decade. And, more surprising, neither has the number of people in Federal employment.

President Eisenhower's latest budget message to Congress shows that the cost of operating the Federal establishment rose from $9.6 billion in 1951 to an estimated $11.2 billion in 1960. Federal employment in the same period has increased from 2.2 million to an estimated 2.3 million.

Although these figures say misleadingly little about the taxes we have to pay, they do suggest that the vast increase in Government spending has been due more to an expansion of Federal activities than to an expansion of the Federal bureaucracy. The great proliferation of Federal agencies took place in the New Deal years. The great increase in Government services and costs has come since.

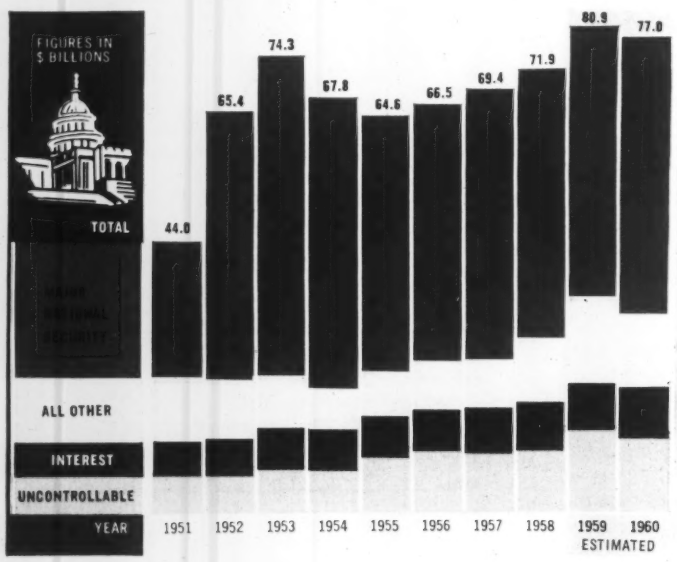
Let's take a look at Federal budgets for the last ten years or so and see how that change has come about.

Since 1948, the largest *relative* changes in the size of the Federal budget have been for commerce and housing, a category which includes the various housing programs as well as the big Federal highway program. These costs are twelve times greater for 1960 than they were a dozen years ago.

The second largest *relative* increase has

Where the Money Goes

The greatest increase in Federal spending has been for defense, but costs of uncontrollable items are rising.



been for agriculture, which poses problems neither Democrats nor Republicans seem to know how to solve. Spending for agriculture in 1960 is expected to be eleven times the 1948 figure. It could be more.

In *absolute* terms, of course, the greatest increase has been for national security—up $32.9 billion—an almost fourfold increase. Next in terms of absolute growth is the category of labor and welfare, which includes social security. It is now about six times what it was in 1948.

Built-in cost factors

A look at the budget from another angle shows that many of the biggest increases are in items that have become relatively uncontrollable. That is, they are required under existing law and are not affected by the annual appropriations process (see chart on page 32). The cost of these programs will continue, in most instances, at the present or higher rates, regardless of budget recommendations by the President or appropriations actions by Congress.

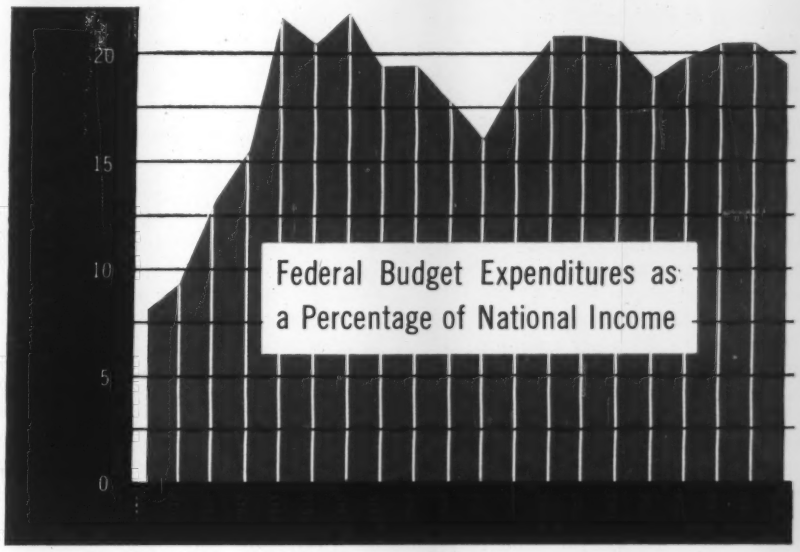
This poses a most baffling problem for budget balancers. Budget Director Maurice H. Stans says with considerable exasperation that the public sometimes seems to think the President can "send up a budget each year for any amount from zero up." Nothing, he points out, could be further from the truth.

Even if Congress this year had not enacted a single new law, there was enough built-in uncontrollable momentum to raise total spending in 1961 by $2 or $3 billion over spending in 1960. There almost inevitably will be increased costs for such things as agriculture, interest charges, water resources, research, education, and veterans' pensions.

In other words, the Democratic Congresses of this and previous years have determined to a considerable extent the size of the budgets to be sent up by the next President. Whether he is a Republican or a Democrat won't change that fact.

Once these programs are set in motion, they grow, not necessarily according to the amount Congress appropriates, but as the population grows, as farm output varies, as unemployment rises and falls, or as more persons qualify for old-age benefits. These might be called "open end" rather than "closed end" accounts.

National Income and Federal Spending



The major uncontrollable items are:

- **Agriculture:** The cost of the farm program next year and the year after cannot be accurately estimated today, because we cannot be sure about the weather or what new fertilizers and pesticides may be put on the market. The Navy may not build a new battleship without specific permission from Congress. But the cost of the farm program may rise by the cost of a half dozen battleships just because the weather changes and wheat farmers have an especially big crop.
- **Public works:** The pressure for more spending in this area comes from many directions and may be expected to grow, especially if the Democrats capture the White House next year. Even under the Republican Administration the pressure for public works spending has been inexorable (see chart on page 32). The Federal highway program accounts for 42 per cent of the total public works expenditures in 1960. The combined expenditures for water resources projects of the Corps of Engineers and the Bureau of Reclamation are expected to reach a new record in 1960.
- **Aid to state and local governments:** Much of this aid is now uncontrollable, and by 1960 the Federal contribution will be an estimated $2 billion higher than in 1958.

The President estimated Federal assistance, exclusive of administrative costs, at $7.1 billion in 1960. Of this amount, $3 billion is from the highway trust fund. Federal aid totaled $2.4 billion in 1951. Even in the Eisenhower years, the increase has been substantial (as charted on page 32).

- **Research and development:** This is a relatively new field for the Federal Government. Until World War II, only very small amounts were spent for research. In 1940, for example, the total was $74 million. The 1960 budget calls for expenditures of $5.5 billion, an increase of $2 billion over the amount spent in 1958. These totals do not include about $2 billion now being spent each year in Defense Department procurement, which supports research and development (see chart on page 32). At present, the Federal Government supports about half the nation's research and development work.

From this brief summary, we can see that the main reasons why the Federal Government's over-all cost has doubled in this decade are these: defense, social security, highways and public works, housing, agriculture, grants to state and local governments, research and development, and the public debt.

The economy and the budget

The budget has not grown, of course, in a vacuum. The weary business man who sees no light on the horizon must remember that the economy has expanded enormously. Total gross national product rose from $258 billion in the calendar year

1950, to $437 billion in calendar 1958, and is expected to climb to an estimated $480 billion by the end of this year.

In comparison with prewar years, the budget has grown much faster than national income. But as a percentage of national income, expenditures have been reduced somewhat in the postwar years and held at a reasonably stable rate for several years (see chart on page 31). Budget expenditures as a percentage of national income have grown from 13 per cent in 1939 to 20 per cent in 1958. The figure for 1959 is an estimated 22 per cent, but is expected to drop to 19 per cent in 1960.

If national income increases as rapidly in the next few months as it has in the past few, these estimated percentages would be revised downward and chances of balancing the 1960 budget considerably increased.

How to avoid a tax boost

What of the future?

A valuable study recently made for the Committee for Economic Development by Professor Otto Eckstein, a specialist in public finance at Harvard University, estimates that budget expenditures may rise by nearly $10 billion by 1964 and by about $18 billion by 1968. But the study indicates a tax increase will not be necessary to meet these added costs, given normal economic growth.

Professor Eckstein makes his projections on the twin assumptions that there will be no deterioration (or improvement) in the international situation and that the present balance of political forces in the United States will prevail.

Living within our means

"While these figures represent a substantial increase," he says, "the rate of growth of Federal expenditures (2.7 per cent a year) would be less than the expected growth of the gross national product on moderate assumptions (3 per cent a year)." Thus, he thinks it's possible revenue would increase slightly faster than expenditures, assuming present tax rates continue.

He thinks the increased costs by 1964 would be largely for defense, veterans, space programs, interest charges, atomic energy, public works, and for health, education, and welfare. He foresees some savings in spending for foreign aid, stockpiling, the Post Office, and in unemployment costs connected with the recession.

Professor Eckstein warns, however, that state and local expenditures are likely to rise in the aggregate by perhaps 8 per cent in the next five years, with the heaviest new costs for education.

If his assumptions are correct, the budget would be balanced by 1962 (earlier if recovery continues at the recent pace) and show a surplus of $2.5 billion by 1964. The surplus would be larger if the recovery is not interrupted. Indeed, if the boom grows and makes a balanced budget possible as early as 1960, as President Eisenhower has proposed, there may be a strong movement for some kind of tax adjustment or tax reform next year on the eve of the Presidential campaign. Business men should not, however, put too much hope in such an eventuality, although the President would like nothing better than to propose tax modifications before his term expires.

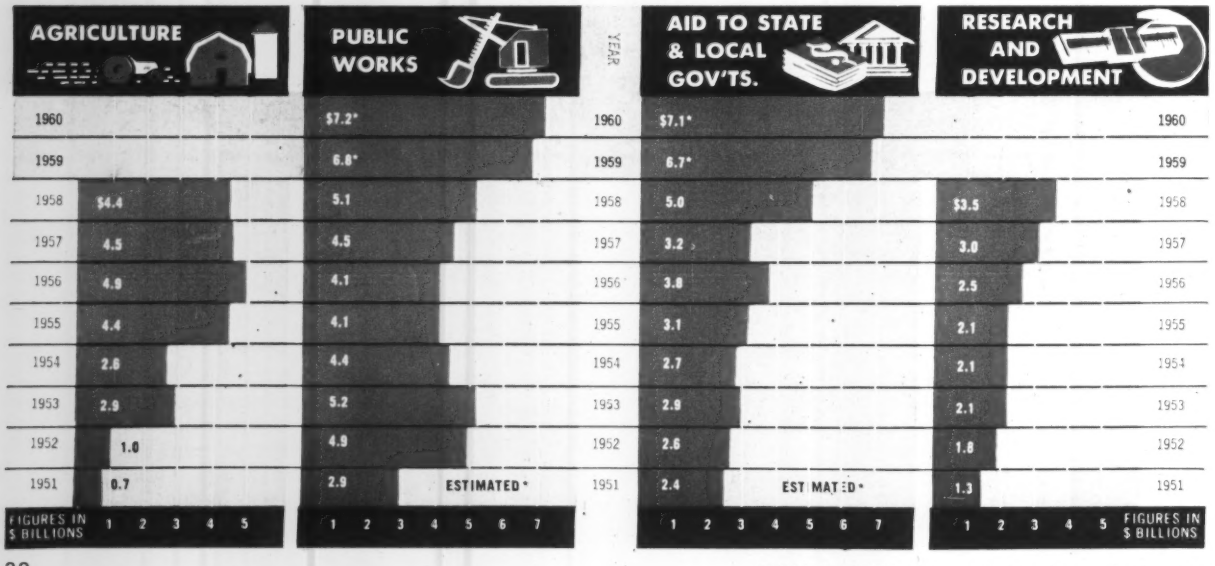
Nixon on tax reform

Vice President Richard M. Nixon has outlined the tax reform he would like to see considered: some cuts in the high-bracket personal income tax, more liberal treatment of depreciation for business, a small cut in the corporation tax, and an overhaul of the excise tax structure. Eventually, perhaps, but hardly next year.

To the certainties of death and taxes, the wise American business man must add big government and big budgets. In a sense, they are built in for a long time to come. The history of the last decade—and of the last six years of Republican rule—has shown that, although economies are possible, a major shift in direction is impossible in the present state of the world. Real relief can come only from booming business activity and abatement of the Cold War.

—CARROLL KILPATRICK

Major Built-In Budget Expenses



SERIOUS COMPETITION: *Skilled, low-cost labor helps Japan capture many U.S. markets.*

Meeting Japan's New Import Challenge

- *Japanese products have made a $500 million dent in U.S. markets, pushed whole industries to the wall.*
- *Low production costs allow Japan to sell products at prices nearly irresistible to U.S. consumers.*
- *To meet the competitive challenge, several American manufacturers are moving their plants to Japan.*

ACROSS the country, seemingly commonplace events are occurring that will have a marked effect on U.S. industry and consumers. A Seattle executive takes off on a buying trip across the Pacific. A housewife buys an ice cream scoop in a Georgia department store. A Chicago student listens to the ball game on his pocket-size transistor radio, and a Long Island couple proudly show off the expensive-looking walnut paneling in their living room. One fact ties all these events together and gives them weight: the products involved bear the label "Made in Japan."

Instances like these, repeated hundreds of times every day, are making increasingly evident that Japan—which last year shipped $500 million worth of goods to these shores—has emerged as an industrial competitor to be reckoned with. Of every two stainless steel flatware sets purchased in the United States last year, one was Japanese. More than a third of all portable radios sold were Japanese. And $40 million worth of Japanese toys crowded display windows and dealers' shelves from coast to coast.

Several American industries that have been particularly hard hit are demanding restrictions on Japanese imports. A number of other top companies are trying to imitate the successful features of Japan's industrial and marketing set-up.

Low production costs permit Japan to woo American consumers with products tagged way below their U.S. counterparts. Several American manufacturers, who have found it difficult to meet this cost competition in conventional ways, are attempting instead to harness Japan's industrial advantage to their own purpose.

One way they are doing this is by manufacturing their products in Japan. A case in point is Gladding, McBean & Company of Los Angeles. This leading dinnerware manufacturer's business was being whittled away by foreign competition because its products' high quality and costs hindered it from fighting fire with fire. Action was needed, and Gladding, McBean moved fast. It made arrangements with the two most qualified Japanese ceramics manufacturers to turn out two styles of the company's quality Franciscan dinnerware. The Japanese lines, made according to home office specifications and under the supervision of Gladding, McBean

executives, are less elaborate but of the same high quality as the American-made styles.

"Our Japanese operation has given us a far wider market range than ever before," asserts the company's energetic vice president, John J. Starr. The company now is preparing to sell its Japanese-made lines in large volume in Latin American markets, which previously were closed to it. Gladding, McBean expects its altered production scheme to boost its 1959 sales volume to $35 million, an all-time record. The company is so satisfied with the arrangements that it plans to expand its Far Eastern activities into other industrial fields.

DESTINATION USA: *Transistorized radios roll off the automated assembly line at the Sony Corp. plant in Japan, headed toward U.S. dealers' shelves.*

For some companies, the swing to Japan means increased distribution, but for others it's a question of survival. When Japan began exporting sewing machines that could retail in America for as much as $150 less than comparable domestic units, leading retailers dropped their old and trusted sources and turned to importing directly from Japan. Stripped of their biggest customers and unable to meet Japan's prices, the U.S. sewing machine industry went through a period of severe hardship, and several manufacturers succumbed. For some companies, however, the effort to survive resulted in healthy growth.

Relocation in Japan

One manufacturer, for example, White Sewing Machine Corp. of Cleveland, shut down its entire domestic manufacturing operation in 1957 and set up new facilities in Japan. Today all White sewing machines bear the "Made in Japan" imprint. Says Vice President R. E. Isaacson, "It's the shift to Japan that has put us back on the track to growth." He provides impressive proof:

Since May 1958, when the first White sewing machines began rolling off the Japanese production lines, sales volume has jumped 65 per cent. During the same period, 381 new franchised White dealers have been established from coast to coast. Department store sales of White machines have tripled in the past twelve months. The company hopes to capture 25 per cent of the market for imported Japanese sewing machines (more than a million units) this year.

Contrasted with this bright picture of success and satisfaction, however, is the deep gloom pervading industries which have been unable to overcome what they regard as Japan's unfair labor-cost advantage. They point gravely to deep dents in their sales, profits, and potential markets made by Japanese imports. Hardest hit are the smaller industrial organizations and companies, which because of the nature of their products, find it difficult to diversify into other fields where Japanese competition is not so strong. The stainless steel flatware industry, for example, recently complained to the U.S. Tariff Commission that flatware imports from Japan now equal almost 100 per cent of domestic production. The industry has also charged that Japan's voluntary quota on flatware exports to the United States has been circumvented to double the maximum agreed upon quota to almost 10 million dozen pieces.

A complaint from the hardwood plywood industry has also been filed with the Tariff Commission. Domestic shipment of hardwood plywood declined from 900 million square feet in 1955 to just under 800 million last year. At the same time, Japanese imports rose from 400 million square feet to more than 900 million. Equally harassed are the textile, fish, and carpet industries.

Product quality on the rise

The expanding Japanese-American trade is being helped by the gradual disappearance of the low-quality stigma once attached to Japanese products. American importers, with the aid of Government-sponsored exhibits, have contributed much in recent years to the enlightened view Japanese business men now have of what it means to deal with the United States and what products will please American consumers. Also, the practice of forcing price cuts on the Japanese business man at the expense of quality is rapidly becoming extinct.

Praise for Japanese quality comes from some unexpected quarters. The Electronics Industries Association, although urging controls on imports of Japanese transistorized portable radios (four sets out of every ten sold here last year were Japanese-made), concedes that the Japanese product's success is due to its "excellent quality." More than 2.5 million units are expected to be imported this year. Motorola, Inc., uses Japanese parts in the least expensive of its five transistorized portable radios and claims the low-cost model helps move its entire line.

Ironically, most Japanese electronic products are based on American patents or were made under U.S. technical aid agreements.

Royalty arrangements between American and Japanese companies are growing in popularity. Today, about 160 contracts are in force, assuring Japanese companies the use of American patents and technical aid. Radio Corporation of America alone

has 48 contracts, and the Western Electric Company has twelve.

As a result of these arrangements, many products manufactured in Japan and shipped to the United States bear the imprint of American know-how and inventiveness. They also earn sums ranging into the millions for the American patent holders. Royalty earnings on patents range from 2 to 3 per cent of product value and up to 10 per cent on technical assistance.

INSPECTION TRIP: *A. R. Said, left, executive vice president of Gladding, McBean & Company, Los Angeles, visits his dinnerware company's Japanese affiliate.*

More and more markets

Some business leaders are worried about plans to promote the sale of an even wider variety of Japanese goods. More and more small Japanese automobiles are seen on American highways. Tape recorders, vacuum cleaners, and electric razors already are hitting the market. Transistor television sets are scheduled for a debut later this year. The curtain and drapery industry may supplement its production with output from Japan.

High U.S. Government officials, however, are unalarmed. Assistant Secretary of Commerce Henry Kearns says the Japanese are seeking to develop a billion-dollar market in America, but he adds, "This is only a fraction of America's projected gross national product of $460 billion and can easily be absorbed by the economy without detrimental effects, provided marketing is orderly and based on product differentiation." He emphasizes that "we cannot continue to sell Japan several hundred million dollars' worth of cotton, machinery, and chemicals unless we are going to buy her products, whether they are textiles, plywood, or fine china."

However, M. C. McIver, president of the Hardwood Plywood Manufacturers Committee, disagrees. "If the Japanese won't withdraw from our markets, the only answer is to restrict them," he declares.

Some American executives concede that Japanese imports also afford the American consumer a welcome price break. John J. Starr of Gladding, McBean predicts, "American industry will increasingly turn to Japan in the years to come for production sources in the craft fields requiring a high degree of manual dexterity." And a White Sewing Machine Company executive warns that "industries avoiding such moves when they are clearly indicated may suffer in the long run."

A way out: American know-how

But "joining them" is not the only answer progressive executives offer. "Beating them" is the other. Ralph J. Cordiner, chairman of General Electric, declares, "We can't just feel sorry for ourselves and go running to Washington for protection against low-cost foreign goods." American business, he insists, must innovate to beat foreign competitors. Although he concedes that GE has lost half of its transistorized radio business to Japanese competition, Cordiner says traditional American enterprise is the only answer to the problem.

Business leaders generally seem to agree with Cordiner that, although the peak of Japanese influence on U.S. industry and popularity in American markets has not yet been reached, eventually Japan's competitive advantage will be overcome by American know-how. Then the Japanese and Americans will be able to meet on equal ground to contend with the natural forces of industrial progress and competition. —KURT BARNARD

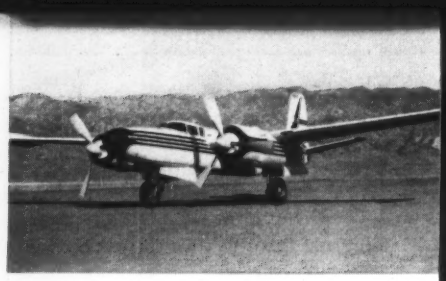
Japan's Growing Share of U.S. Industrial Markets

U.S. imports of Japanese industrial raw materials and products have risen along with consumer goods imports. Last year, Japan shipped 249,500 net tons of steel here, to rank as our second largest supplier.

Imports of metals and manufactures totaled $95.3 million in 1958, a 34 per cent increase over 1956. Of this total, steel mill products accounted for $24.6 million, iron and steel manufactures for $20.7 million, and nonferrous ore and metal alloys for $2.5 million. Precious metals, jewelry, and plated-ware imported from Japan were valued at $10.7 million.

On the other hand, U.S. imports of zinc, lead, and nickel declined from 1957 levels. Ferroalloys, ores, and metals dropped to $18.8 million from $30 million in 1957.

Japanese machines and vehicles racked up $56.7 million in U.S. markets in 1958. The biggest item here was electrical machinery and apparatus at $28.2 million. Other items: $23 million worth of non-electric machinery, $3.6 million of non-agricultural machinery, and $152,493 of agricultural machinery.



New Products from Old

AT THE TURN of the century, a young industrialist named Frank Poor bought out his partner in a "lamp remanufacturing" business for $750 and moved the company to bigger and better quarters. Today, Sylvania Electric Products, Inc., the $333-million-a-year concern that grew out of Poor's modest operation, is once more remanufacturing "lamps." But instead of replacing filaments in light bulbs, Sylvania now is busily replacing electron guns and phosphor screens in used television picture tubes.

Of course, Sylvania's volume of rebuilt items is very small compared to its brand-new products. But along with hundreds of other companies, including nearly all other makers of TV picture tubes, Sylvania has found remanufacturing for the replacement market a booming business.

Today, so many giant corporations are engaged in or contemplating the rebuilding of one or more of the many products that are economically susceptible to rejuvenation that remanufacturing is losing the stigma of a "fringe" industry. The rebuilders have even formed their own national trade associations.

There are other reasons for the growing stature of remanufacturing:

- It is winning greater acceptance by distributors, retailers, and consumers.
- Certain rebuilt products, such as RCA's "Monogram" line of picture tubes, are backed by national advertising.
- Rebuilders, through their trade associations, are setting up independent testing organizations to certify their products.
- Some rebuilt parts are as good as or better than the original part, and many carry the same warranty.
- Original-equipment manufacturers are giving their blessing to remanufacturing by franchising rebuilders in a given area and allowing them to use the corporate name.

A sizable market

But the major reason for the improved status of rebuilding is the growing size of the market (see box).

The dollar volume of remanufacturing covers only goods that have been traded-in, junked, or sold—in other words, goods to which the original owner has lost title and which are remanufactured and sold to new customers. Actually, the same process as remanufacturing is frequently referred to as repairing, and is performed by the owner's own maintenance force or by outside repairmen. But the latter is a service, while rebuilding is a form of manufacturing, often on a mass-production "factory rebuilt" basis.

In certain rebuilding lines, the same part can be rebuilt over and over again. Many early-model TV picture tubes have been to the rebuilders three or four times. Like milk bottles, they can be used again and again until badly scratched or broken. Tires can usually be recapped three or four times, and steel drums can be reconditioned a dozen times.

Since parts undergoing rebuilding must already have seen considerable service, remanufacturing obviously has to involve product models that are well along in their life cycle. However, even the tail end of a model's life cycle can support a considerable rebuilding trade. For example, Arthur A. Heineman, general manager of La Salle Tube Manufacturing Company, Inc., Chicago, believes that if sales of TV sets of present design were to end suddenly because of some unantici-

Billion-Dollar Markets for Rebuilts

- About 20 per cent of all used machine tools sold in the United States are rebuilt. However, since only the newer, bigger, more expensive tools are worth rebuilding, they represent about 30 per cent of the dollar volume—more than $150 million annually.
- More than 75 per cent of the 7 million television picture tubes purchased annually for replacement are rebuilt out of used glass envelopes—a $200 million retail market.
- Almost all household appliances are available in rebuilt versions.
- Sales of remanufactured light office machines, such as typewriters, are estimated at $200 million annually.
- Dozens of companies are remanufacturing hundreds of DC-3's, B-23's, B-26's, Lodestars, Convairs, and other retired transport planes and military aircraft into executive planes costing upwards of $500,000 apiece.
- About 400 companies annually remanufacture $150 million worth of steel shipping drums, which sell for $1.50 to $3 less than new ones.
- Millions of electrical motors are rebuilt in large and small shops throughout the nation.
- The biggest of the remanufacturing industries is automotive parts. One-third of the tires purchased annually—about 40 million—are recaps, including most of the snow tires. Two divisions of the General Motors Corp. are in rebuilding, and the Chrysler Corp. is studying entry into the market.

STARTING *with the surplus Douglas B-26 at the left, the On Mark Engineering Company, Van Nuys, Calif., "remanufactures" the 365-mph bomber into a handsome 9-place executive plane. Picture windows are cut into the fuselage, large areas of skin are replaced, and a steel "O" ring substituted for a wingspar that blocks easy passage.*

pated electronic advance, the replacement market for existing sets would be strong for up to seven years.

Technical advances can gradually put remanufacturers out of business. For example, improvements in storage battery technology have been largely responsible for the extinction of the battery rebuilding business. Years ago, some parts of the battery tended to wear out more quickly than others, and rebuilders did a lively business replacing these parts. Improved design, however, has made the storage battery into a "wonderful one-hoss shay"—by the time one part lets go, the rest isn't worth salvaging.

To counter technological obsolescence, many rebuilders make basic improvements in their product. For example, locomotives rebuilt by the Electro-Motive Division of the General Motors Corp. are upgraded to duplicate as closely as possible the performance of the latest models.

Remanufacturing differs from original-equipment manufacturing principally in source of supply. In most lines of remanufacturing this is no problem, because of the "unit-exchange" trade-in system. But in a few lines there is an actual shortage of "raw materials." For example, some rebuilders of picture tubes actually use new glass envelopes when they can't get burned-out tubes.

Under the unit-exchange system, the customer is encouraged by a cash allowance or the terms of sale to turn in a worn-out part when he buys the rebuilt replacement. The unit-exchange system also helps to cut the rebuilder's transportation bill. The same truck that delivers the rebuilt parts collects the worn-out units.

Although few low-volume picture tube rebuilders distribute beyond 500 miles, RCA has established national distribution for its rebuilt product. However, most of the other big corporations in tube remanufacture do not distribute nationally from a single plant. They have been establishing regional rebuilding operations instead.

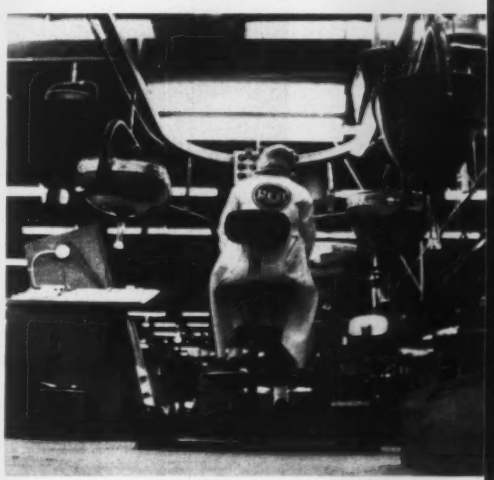
Complexity on the increase

Remanufacturing, with notable exceptions, still shows its garage and basement origin. But the invasion of the rebuilding business by giant corporations is causing remanufacturers to adopt the more complex methods of original-equipment manufacturers, and it's also forcing dozens of small remanufacturers to the wall.

But despite their great financial resources, organizational skill, and massed technical power, some Goliaths have been unable to compete with fast-moving little Davids who stay lean on low overheads. In fact, a few of the latter are following up their resourceful defense of home territory by an invasion of the original-equipment field.

—MELVIN MANDELL

EACH WORKING DAY, *Electro-Motive turns out a remanufactured diesel locomotive. Price: $100,000. General Electric also rebuilds electric locomotives.*



BOTH NEW *and rebuilt picture tubes are given the same inspection for screen condition at RCA's Marion, Ind., plant.*

THE CARTON *for this remanufactured tube clearly states that it is "factory rebuilt."*

What Rebuilding Can Offer

Inflation brake: By offering the industrial purchaser or the consumer a serviceable alternative at a reasonable price, remanufacturers help curb price increases.

New business opportunity: Remanufacturing is one of the few remaining ways to set up new businesses with limited capital.

Diversification aid: Original-equipment manufacturers, without making any great capital investment, can add a "second," cheaper line via rebuilding.

Production stabilizer: Remanufacturing can be a valuable "stabilizer" in hard times. For example, most machine tool builders step up rebuilding work to hold on to their workforce.

Defense support: In a national emergency, rebuilding is absolutely essential to meet rapidly expanding industrial needs and to sustain the civilian population.

Production equipment market: As competition from big companies increases, small rebuilders will have to buy more automatic production equipment to stay competitive.

Export market: In the case of some products, lower-cost rebuilt lines may be the only means of competing in overseas markets.

In 1949, when Charles Percy assumed the presidency of Bell & Howell, the company's annual sales stood at $13.2 million. Ten years later, sales had reached $59 million, an increase of nearly 350 per cent—and gross earnings were up by 1,000 per cent, from $671,000 to $6.4 million. Reasons for this dynamic growth: teamwork, planning, and strong marketing tactics.

TOP MANAGEMENT INTERVIEW: *President Charles H. Percy and Executive Vice President William E. Roberts talk with a Dun's Review editor in Mr. Percy's offie. Executive Vice President Peter G. Peterson was out of town at the time.*

How Bell & Howell Skyrocketed Sales

Q Mr. Percy, if you had to put in one quick phrase the reason for Bell & Howell's success during the recession, what would it be?

A I think it would be very difficult to put it in one quick phrase. Probably the motivating desire behind the whole effort was to see whether or not a business that has been susceptible in the past to economic dips could maintain stability and strength in a recession. We were gratified that we were able to do so. However, I think the photographic industry showed amazing strength last year. There was not the downturn at the retail level that certain other product lines experienced. The fact that we outran the rest of the photographic industry is in part attributable to the program launched early enough to stabilize our sales and our earnings.

Q What was this program, and when did you get it under way?

A The program actually was launched in the fall of 1957. We attempted by aggressive action to set up some counterforces to the disturbing economic climate that seemed to prevail. We needed new markets in 1958, so we decided to increase our engineering effort, to launch new products, and build these new markets.

In our marketing division, a major program was also developed. I don't think we ever had more ingenious or capably executed marketing plans, and never were our dollars spent better than they were in 1958.

And it was true also in our manufacturing division. In the machine tool area, we increased our capital expenditures by buying at a time when machine-tool makers were eager to sell and were in a position to give far better service. We, in turn, could then pass on some of the cost reductions to our customers.

Q How far forward did you move your product introduction in the change from long-range planning to immediate planning?

A* As far as nine months ahead. One item in particular—an automatic threading movie projector—was planned for October 1958. It was actually made available in March 1958.

Q How do you manage such a quick shift in your short-term planning?

*Asterisks indicate replies by Mr. Roberts.

A It's a matter of setting priorities, I suppose. For one thing, you can actually put more emphasis behind a project—devote a larger budget, more overtime, more personnel, or personnel of a higher caliber. You can take the calculated risk that you're going to obsolete some parts by redesign after you are in pilot production. Last year, we felt that the risk was justified in order to bring the product forward.

Q What factors do you foresee as contributing to company growth?

A We feel the photographic field is one of the great growth fields in America. People have more leisure time today. They retire earlier, and one of the great enjoyments of later life when people travel or have grandchildren is the hobby of photography. Also, as incomes get higher, there's more expendable income available. Then, too, people are moving into the suburbs and taking more pride in their homes. People are having more children all the time. In fact, a new city of 80,000 people is being born in America each week. And since perhaps 75 per cent of the movies taken are of children, you can see what this will mean to our business.

Q Why did Bell & Howell revamp its dealer franchising set-up?

A We constantly try to improve relationships with our dealers. We are somewhat subject to the moods of the buying public. For many years, we found that we were simply unable, under fair trade, to enforce our stated policy. Apparently, the dealers themselves weren't enthusiastic about it, because so many of them broke the terms of the fair trade contracts. So we then went to two types of franchises with our dealer organization.

Q How does the program work?

A* Since the dealerships are all independently owned, controlled, and operated organizations, we felt that a franchise offering some kind of protection would be helpful. The basis of it is a simple recognition, on the dealer's part and on ours, that each of us has the right to do business with anyone we choose. The primary thing we are attempting to achieve through the franchise is the elimination of cut-price advertising. This is not enforceable on a direct basis, but we have asked on a cooperative basis that the dealers do this—and we have had extremely good response to date. We feel that if cut-price advertising can be withheld, at least in the public prints, the dealer will not be forced to give away his total discount.

Q You have two types of franchises?

A* Yes, we do—a comprehensive and a selective franchise. The comprehensive means just what it implies. The dealer is permitted to buy all of our amateur and commercial

The Boom at Bell & Howell

In late 1957, with the worst postwar recession to date well under way, Bell & Howell Company introduced the world's first 8mm electric-eye movie camera. During 1958, nine other new products were rushed to market. Result: 1958 sales were up 13 per cent over 1957—and net earnings increased 15 per cent.

At the head of the team that made this record possible stands an aggressive chief executive, 39-year-old Charles Harting Percy. Percy joined Bell & Howell as chief of defense production after his graduation from the University of Chicago in 1941. He was elected a director in 1942, corporate secretary in 1946 (after 35 months in the U.S. Navy), and came to the presidency in 1949.

Percy is also a director of the University of Chicago; chairman of the Fund for Adult Education of the Ford Foundation; and a director of the Chase Manhattan Bank, Harris Trust and Savings Bank, and Burroughs Corp. He was recently appointed chairman of a committee formed to outline future policy goals for the Republican Party.

products. But some dealers in the photographic retail area do not feel it wise, in their location, to invest across the board. Their market is limited really to 8 mm products, and that is all they want to promote and all they are qualified to handle. To protect the comprehensive dealer who stocks and invests his money in the total line, we then limit the selective franchise to certain equipment.

Q Do you attempt to get out and meet your dealers?

A Yes, on occasion our top management goes out on nationwide tours to meet our dealers. It was one of the first things I did ten years ago when I came into this office. That fall, I met 5,000 dealers in a period of 30 days, holding a dealer meeting in a different city every day. Mr. Roberts and our other top executives also follow this practice, and today we rotate this contact work.

Q How long have you had your Retailers Advisory Council?

A This is the sixth year. This has proved to be a very valuable means of communication between Bell & Howell and its dealers. We can certainly attest to the fact that the best way to find out what's on the dealer's mind is to put him in a position where he has a responsibility to other dealers to report their feelings as well as his own to the company and the Council.

Q How do you pick the members of the Council?

A* Well, we started off by preselecting ten dealers, the best dealers we could find representing different areas in the country. Several other equally good dealers felt they should have been in that initial group. So we cut the country up into sixteen areas, and now the dealers choose their own representatives. Whether they are strong or weak Bell & Howell dealers, it is a group selected by the dealers themselves. They come at Bell & Howell's expense for a week of meetings where we can really get together in shirt-sleeve sessions. Above all, we are eager to get their views on what can be done by Bell & Howell and the industry to improve the total situation at the retail level.

Q How much value does the Council have in your over-all operations, Mr. Percy?

A The value the dealer derives from it has been great. Dealers who have attended Retailers Advisory Council meetings say it was the most valuable week they had spent in the photographic industry. One of them said, "I wouldn't trade what I learned this week for all the profits I have made in the past year, because what I have learned will stand me in good stead for the rest of my life in this business."

Q What do you think the president's role should be in the company's sales effort?

A I would say that it's a question of establishing the climate. Most of the executives and personnel in the company are oriented in one particular direction. The president—and our executive vice presidents—have an over-all responsibility to interpret the relative importance of each major division to the others. We try to orient the company to the fact that our sole responsibility, from the standpoint of product development, is to serve the consumer. The orientation of the company toward the consumer is a job for the president, and he does it by working through—you might even say *for*—his Marketing Division.

Q What are the specific things he can do to help his Marketing Division?

A Together with certain other areas, such as fiscal management, he has a responsibility for seeing that the Marketing Division establishes forecasts of sales that are reasonable, attainable, yet worthy goals toward which to strive. Once the program is approved, the president's and the executive vice presidents' time is subject to the demands made upon us by our divisions. If they can profitably use us in their sales effort, I feel it's our responsibility to work as a member of their team to help them meet the objectives they have carved out. Many times it involves having lunch with one of our outstanding dealers or meeting with a large group of dealers. But we in no way take the initiative. The Marketing Division has the responsibility for moving our product, and they also have a great responsibility of helping, through market research, to give our engineering and manufacturing divisions guidance in planning and producing what the customer really wants and needs.

END

50 Years of Industrial Growth...

...as Charted in 27 Compass Points of Business

Through these 27 Compass Points of Business, a half-century of dynamic industrial expansion can be seen, setting the stage for even greater progress and growth in America in the coming decades.

AS WE approach the threshold of the "Soaring '60's," business men are getting their choice of a wide range of predictions about what is in store for the economy in the coming decade. Time is the best test of prophecy, but the layman confused by conflicting economic forecasts can often gain some useful hints about the future from an intelligent look at the past. The record of American business's past 50 years, as charted in the following pages, brings into sharp relief the trends that are likely to give shape to our next half-century.

The basic trend, of course, is simply the economy's fantastic growth. By and large, the driving forces here are technological development and a growing population. The population upsurge has faltered only twice: in the 1930's and during World War II, when the birth rate was low. Currently, the impact of these periods of low birth rate is being felt as a decline in new household formation, which will continue to cut into the demand for new housing and household goods. But once we are past the mid-1960's, a marked rise in the rate of formation of new households and in the birth rate is likely to occur.

In the past half-century, to accommodate the needs of our growing population, business has greatly increased its productivity, largely by stepping up output per manhour through modernization of its physical plant and by technological innovation. Industrial production in 1959 promises to be well over four times what it was in 1909, using the Federal Reserve Board's index of industrial production as a measure. Along with the gains in population and household formation, productivity gains seem likely to maintain the average rate of increase—nearly 3 per cent annually—that they have recorded in recent decades.

In short, the long-range outlook is for more of the same dramatic economic progress that is recorded on these pages. That is not to say that the coming decades will be uniformly smooth sailing for business. Free enterprise has not yet discovered how to abolish the business cycle, and there is no doubt that periods of recession will interrupt temporarily the upward movement in production and most other sectors of the economy. The long-range outlook, however, is bright.

Despite past and future gains in output per manhour, higher industrial production will require more workers. Gains in factory employment and in other non-agricultural jobs will offset any further downward drift in agricultural employment.

Disposable personal income has risen tenfold in the past 50 years. Further marked gains are likely in the coming decades, as wage levels keep climbing upward.

Although Americans are obviously a lot better off than they were in 1909, a sizable part of personal income gains have been absorbed by higher prices. The Government's consumer price index is now well over twice what it was in 1909. Prices will continue to creep upward as long as Government spending rises, wage levels continue to increase, and there is a Federal debt to finance.

Of course, the future growth of the national economy depends greatly on consumer attitudes and spending. Even after allowing for rising prices, growth in the dollar volume of retail sales since 1909 has been phenomenal—and it has meant similar gains in manufacturers' and wholesalers' sales.

Consumer confidence in their financial future and the health of the U.S. economy is, in a sense, the keystone of future prosperity. One index to this confidence has been the increased use of installment buying, especially since World War II. Interest rates and the availability of credit terms will vary in the future as in the past—but, over-all, consumer credit seems certain to grow in popularity.

The selected series that comprise the 27 Compass Points of Business, charted within, provide a graphic picture of the significant trends in these and other areas of the economy. To the business man who is thinking about the future, they offer hints too valuable to be ignored.

Thinking about the future has, of course, become an increasingly important preoccupation of the American business man. Economic growth and increasing technological complexity have combined to bring long-range planning to the forefront among top management's responsibilities. And statistics are the indispensable tools of reliable long-range planning.

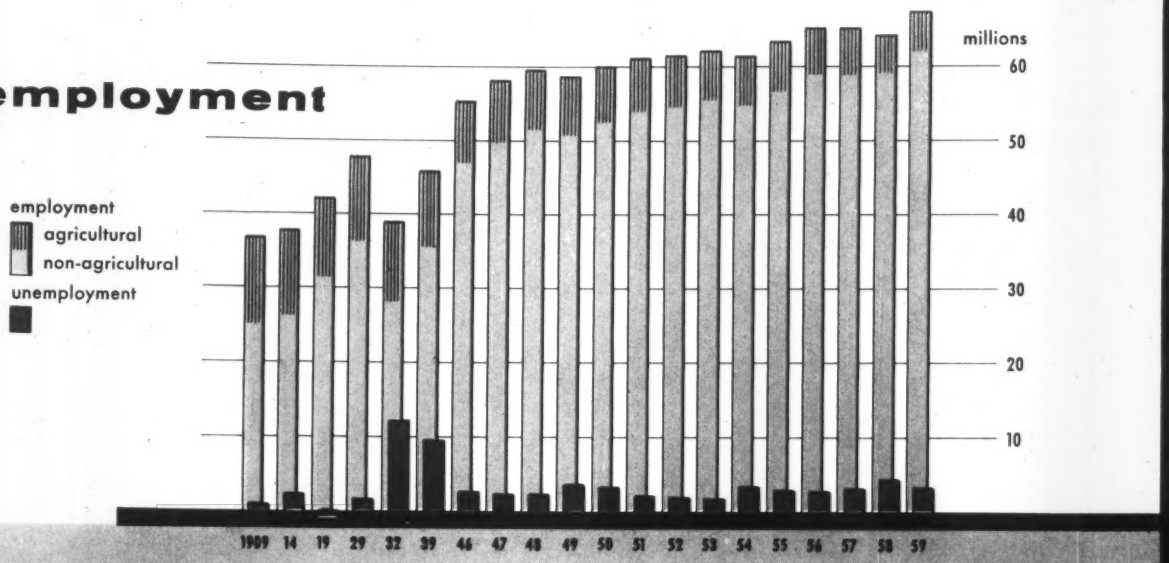
Fortunately, the art of gathering and refining statistical data has generally kept pace with business's growing need. Today business men can obtain—from a variety of sources—annual, quarterly, monthly, and even, in some cases, weekly supplemental statistics. And this is true not only of the major indicators such as those charted in the Compass Points of Business, but of data on activity in different lines and in different geographical regions.

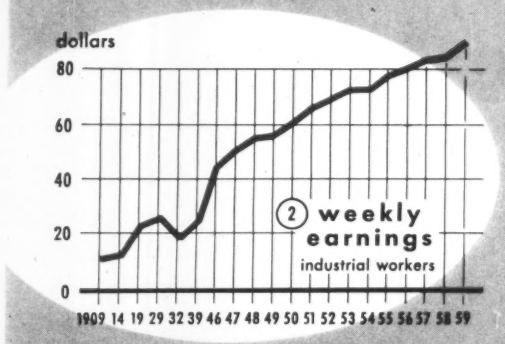
More and better data, provided from reliable sources with even greater speed than today, are certain to be available in the years ahead to enable the businesses of tomorrow to chart their course into a prosperous economic future.

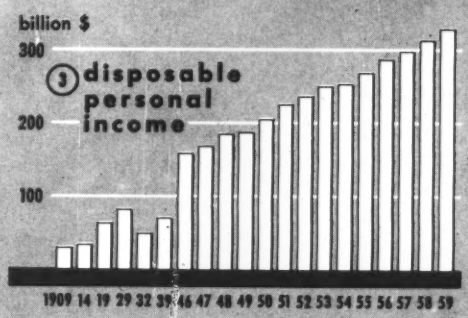
These charts are based on data compiled under the direction of John W. Riday of the Business Economics Department, Dun & Bradstreet, Inc.

50 years of Industrial Growth

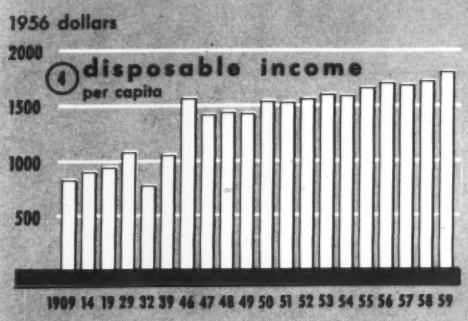
① employment

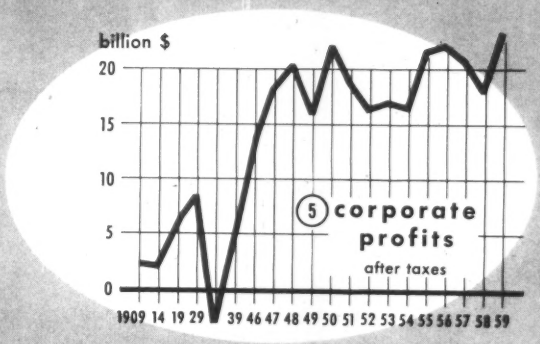


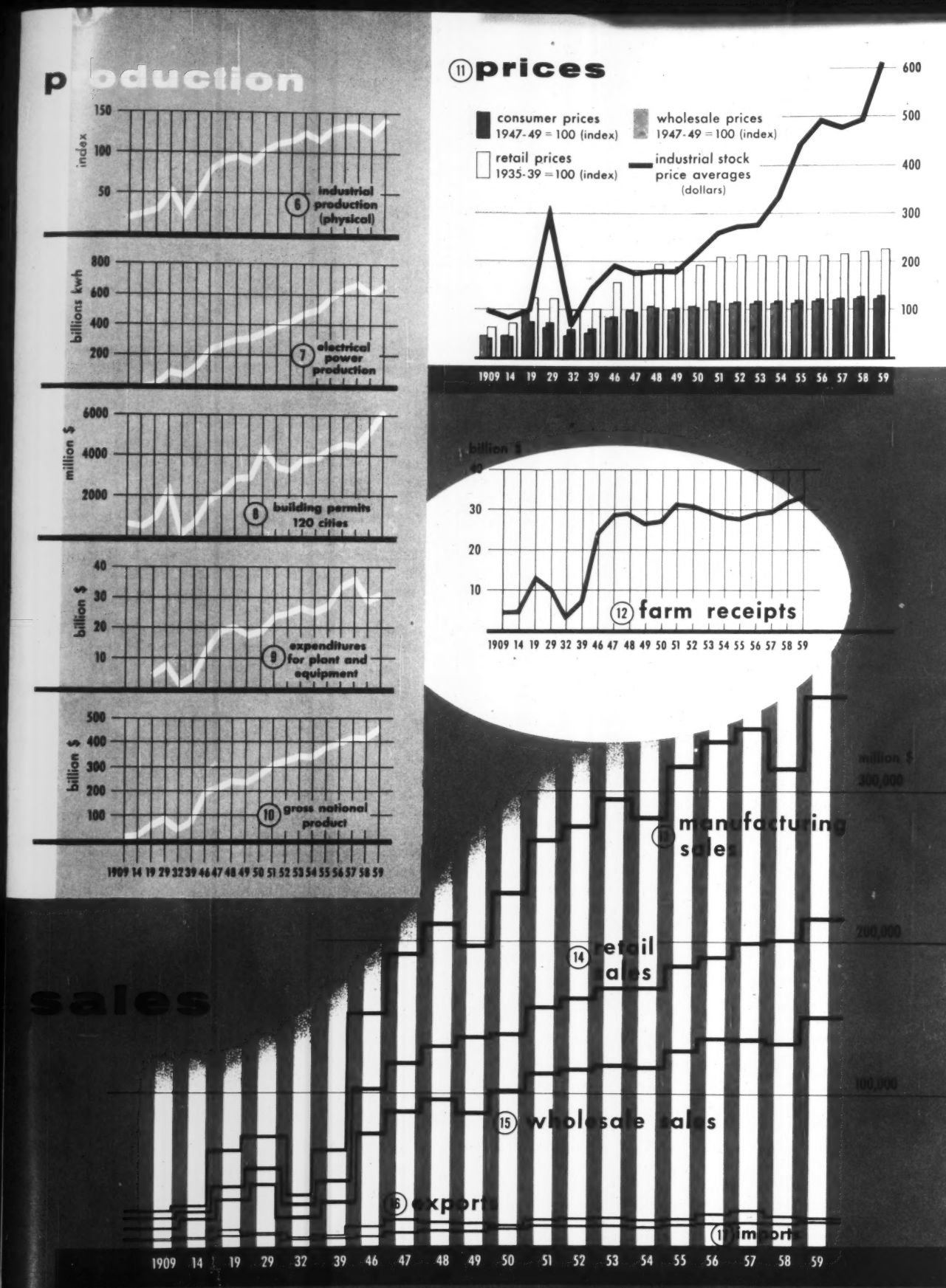




income



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6 industrial production (physical)
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2000
8 building permits 120 cities
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9 expenditures for plant and equipment
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10 gross national product
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11 prices
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retail prices 1935-39 = 100 (index)
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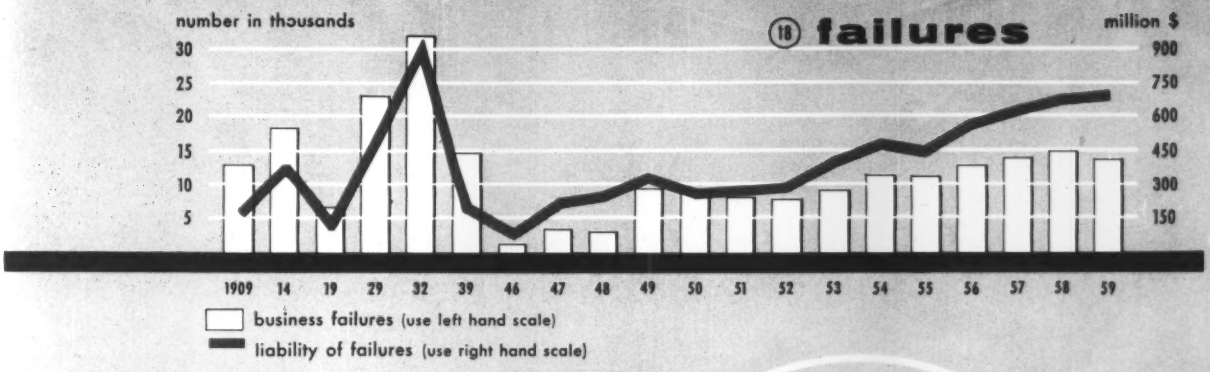

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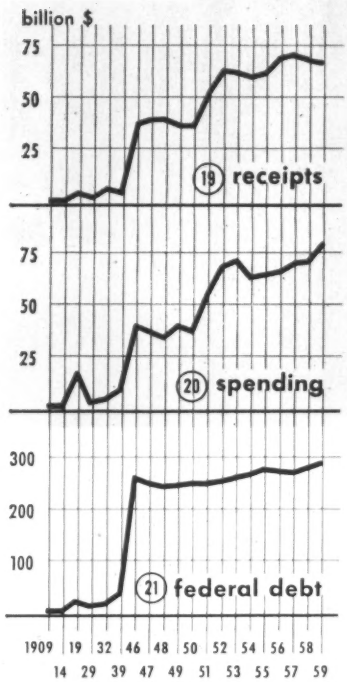

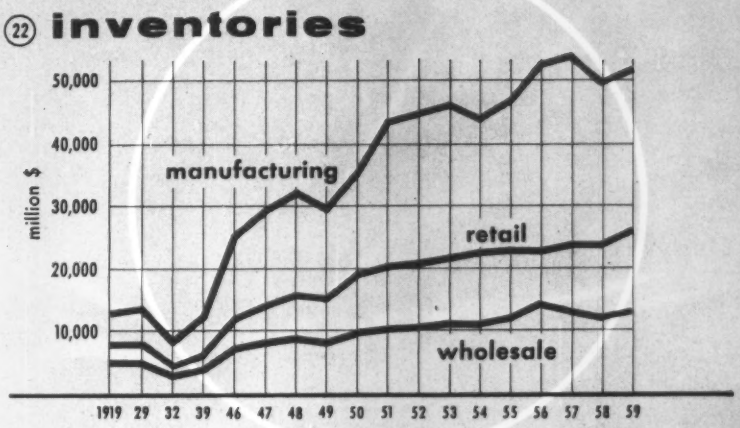

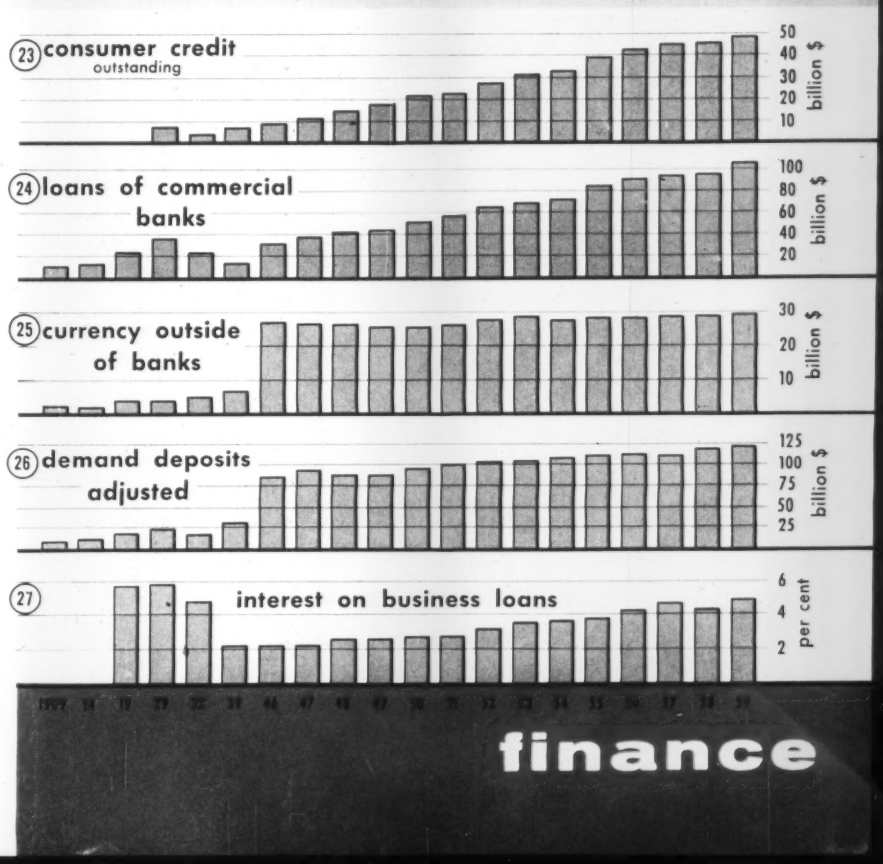

SOURCES: Dow Jones & Company (stocks only), Chart 11; U.S. Department of Commerce, 1, 3*, 4, 5, 10, 13*, 14*, 15*, 16, 17, 22; U.S. Department of Labor, 2, 11* (except stocks); Federal Reserve Board, 6*, 23, 24, 25, 26, 27; Federal Power Commission, 7; U.S. Department of Commerce and Securities and Exchange Commission, 9; U.S. Department of Agriculture, 12; U.S. Treasury Department, 19, 20, 21; DUN & BRADSTREET, INC., 8, 18.

The following are publisher's estimates and not from publisher's credited sources: All 1959 data (1959 data in chart 22 are estimates for June 30); 1909 data marked with asterisks (*).

An annotated, more complete statement of sources and description of the data is available on request. Write to John W. Riday, Business Economics Department, DUN'S REVIEW AND MODERN INDUSTRY, 99 Church Street, New York 8.

finance

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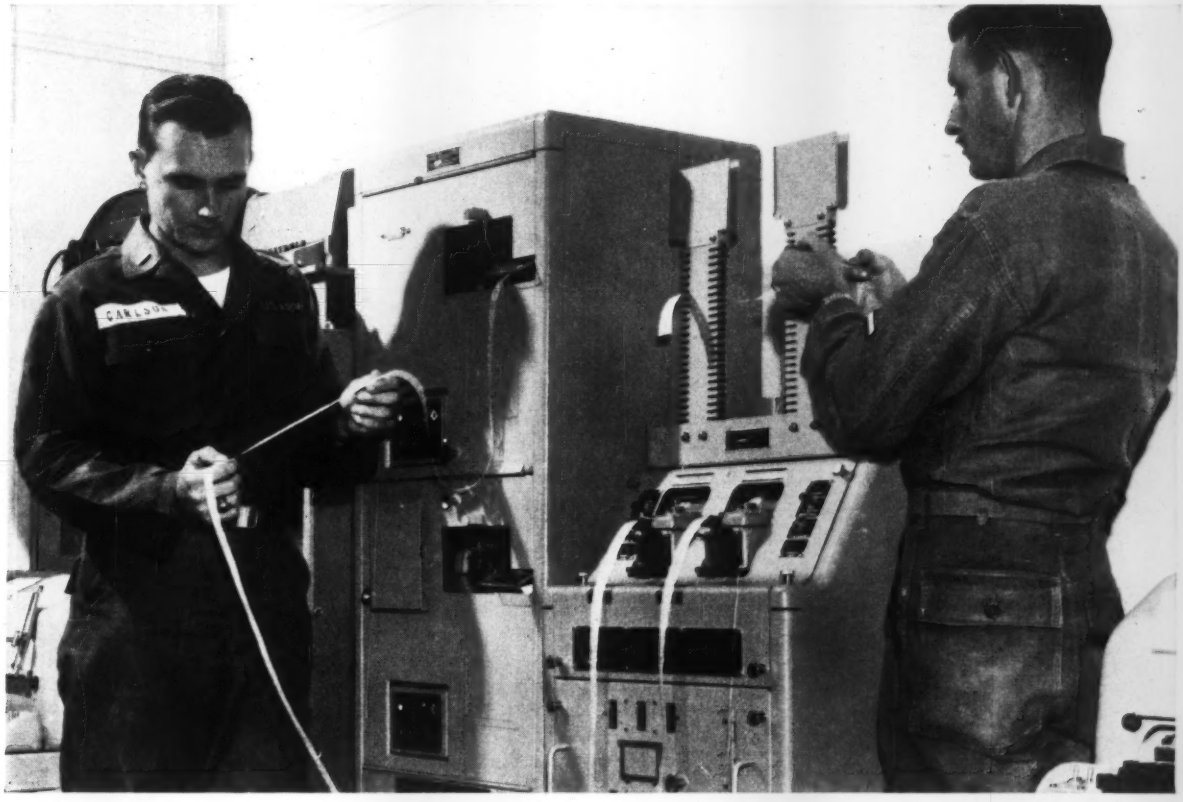

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Managing Your Manpower

LAWRENCE STESSIN

- ✔ *A new breed of union organizer is spearheading labor's soft-sell campaign among salaried workers.*
- ✔ *Blue-collar unions hope to bolster their thinning ranks with white-collar reinforcements.*
- ✔ *In offices where nepotism and favoritism flourish, the organizer's job can be an easy one.*

BENJAMIN J. COHAN, a former Air Force captain, owns a gray flannel suit, commutes to his air-conditioned office in New York, and keeps up on the latest business news. Beyond these surface trappings of a young man poised on a corporate promotional ladder, Cohan possesses two enviable traits. He has ideas, and he expresses them with clarity, conciseness, and conviction.

Yet Cohan is not a member of any management team. He is a union organizer—the prototype of a new breed of mass persuaders whose mission is to sign up the biggest pocket of the unorganized—white-collar workers.

The unionization of salaried employees has received only lip-service in the past from AFL-CIO officialdom. Every labor convention since 1934 has passed flowery resolutions calling for vigorous efforts to bring the engineer, the accountant, the salesman, and the clerical worker into the union fold. But the committees appointed to perform these tasks were saddled with penurious budgets and staffed by fading firebrands of bygone days. This year, indications are that a serious and prolonged campaign soon will get under way.

The drive for white collarites will not be starting from scratch. The Bureau of Labor Statistics reports that 2.5 million professional, sales, clerical, and technical workers already belong to unions. However, this group constitutes less than 15 per cent of the total union membership and leaves some 18 million salaried employees in the non-union ranks. The breakdown of unorganized white-collar workers is as follows:

Type of job	Million
Clerical workers, mostly office	8.5
Retail clerks, insurance, sales, and others	6.3
Nurses and teachers	2.0
Engineers and technicians	0.6
Auditors and accountants	0.4
Office machine operators	0.2

Among the organized are union professionals who have gained valuable experience in recruiting white-collar employees by unionizing themselves. More than 9,000 office workers, organizers, and professional people who work for the AFL-CIO belong to Local 2, which is a catch-all for unionized unioneers. Some 3,000 others remained unaffiliated.

The main motivation behind the stepped-up white-collar campaign is the fear that, according to the AFL-CIO's own research department, "organized labor is in danger of becoming a very diminished minority in the United States." This gloomy self-appraisal is being borne out by the rapid erosion of blue-collar union membership.

For a while, union leaders nestled cozily in the rationale that the recession was the cause of the decline. But the return to better times brought no improvement in the membership picture. And adding to labor's anxiety is the fact that the AFL-CIO is not winning enough organizing elections to bolster its thinning ranks.

The answer to the union's dilemma is summarized succinctly by Everett M. Kassalow, research director of the AFL-CIO Industrial Union Department:

"More and more engineers, technicians, and computer operators are being employed in American industry, and fewer and fewer production and maintenance workers are required. In 1957, the number of white-collar workers actually surpassed the blue-collar force. The labor movement must break out of its blue-collar shell and succeed in organizing the mass of white-collar workers."

It was this clarion call that spurred the labor federation to hold a special conference in Washington recently to map a campaign for organizing technical, professional, and office employees. No one at the meeting had any illusions that the task would be easy.

"I don't think the white-collar worker is anti-union," says a representative of the Association of Professional Engineers, Chemists and Scientists. "He is just against some of the

continued on page 52

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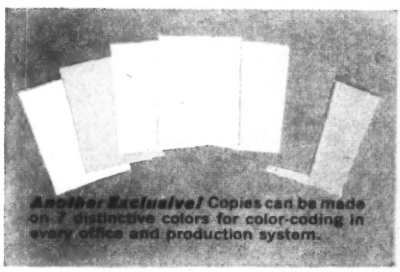

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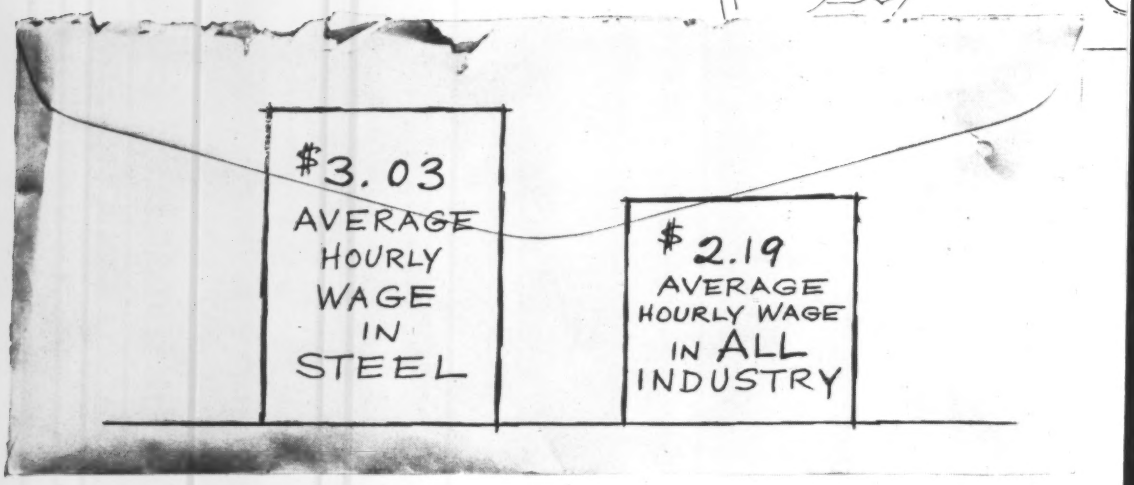
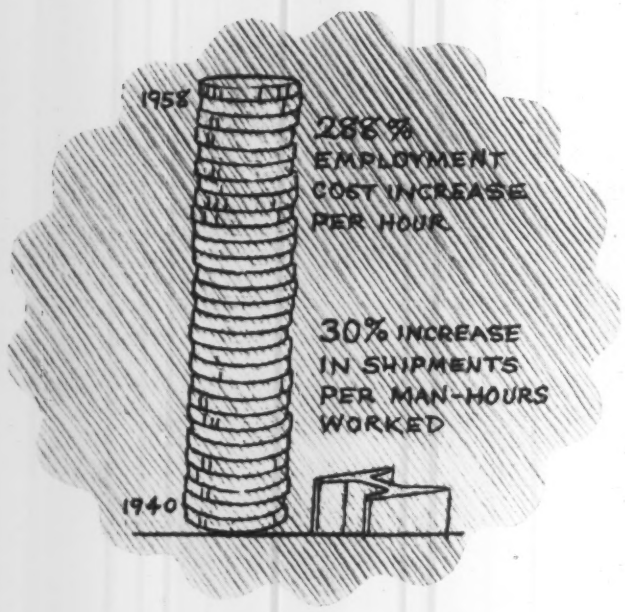
When you discuss the steel industry



How well are the steelworkers paid ?

The average hourly wage for the steelworker in January 1959 was $3.03—84¢ higher than the $2.19 average for all manufacturing employees; 68¢ more than the average employee in durable goods industries; and 38¢ more than the autoworker. And these figures do not include the cost of vacations, holidays, pensions, insurance and other benefits which, in the case of the steel industry, amounts to 57¢ an hour—among the highest benefit payments in the country.

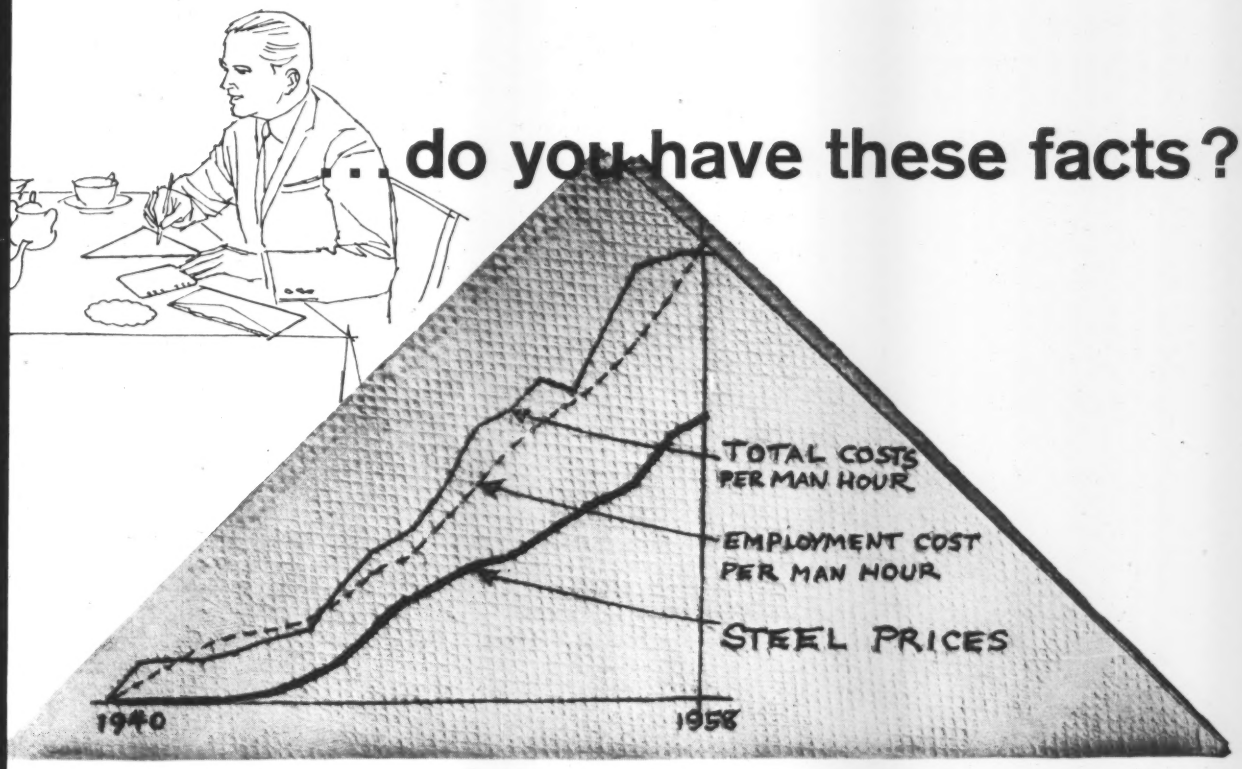


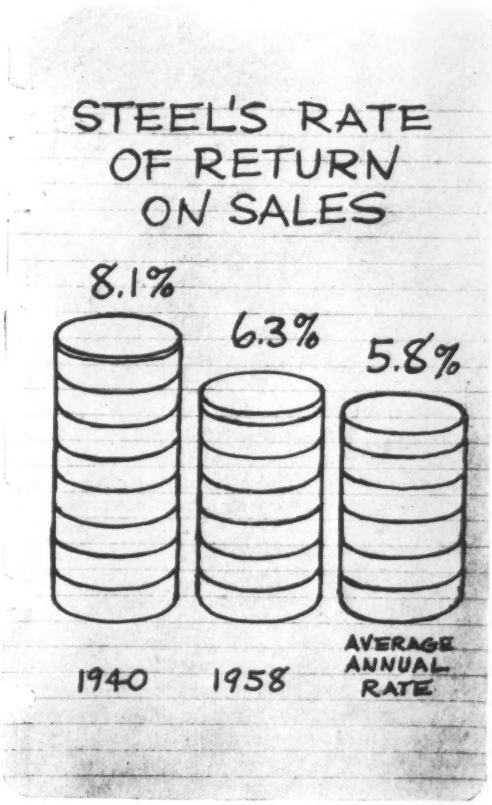
How do steel wage increases compare with increases in shipments per man-hour ?

From 1940 to 1958, steel companies' hourly wage and other employment costs increased 288% which has been nearly ten times the 30% increase in shipments per man-hour.

Source for all figures: American Iron and Steel Institute

. . . do you have these facts?





Are steel prices high ?

Since 1940, the price of finished steel mill products has risen at an average of about 5¾% a year but the total cost per man-hour and employment costs per man-hour have risen more—about 7½% a year. In spite of this, steel is one of our lowest priced materials. Carbon and alloy steels sell at an average of about 8¢ a pound.

Are steel profits too big ?

In 1940, the steel industry earned 8.1¢ per dollar of sales and in only one year since—1950—has this rate been equaled. In 1958, the rate was 6.3%. The average of 1940 through 1958 has been 5.8%. While the steel profit rate has diminished, employment costs per hour have climbed rapidly—a 288% increase since 1940. Increases in steel prices between 1940 and 1958 were required to pay for higher wages, taxes, material and other costs, and did not increase the rate of profit.

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tactics unions have been using to enlist members."

"If I were the president of an industrial union," declares Kassalow, "I would see to it that all future additions to the organizing staff came from the white-collar, professional, and technical ranks."

Kassalow's advice was directed at blue-collar unions which have had little success in organizing office workers, except when these people were swept into the fold by the big, industry-wide campaigns which took place in the 1930's. Those were the days when a self-respecting organizer wouldn't be caught dead wearing a white shirt or a tie. In his arsenal of techniques was a vocabulary of Marxist cliches about "working class solidarity." And if you pressed him just a little, he would display his bumps and scars as mementos of his battles with "company goons and Cossacks." These tactics have proved unavailing in campaigns to win over salaried people, who have traditionally removed themselves from the barricades of industrial conflict.

But in the intervening years, some 30 unions with strictly white-collar orientation have come on the scene, and it is the approaches they have developed which are likely to be used in the impending drive.

Among the largest of the white-collar unions is the Office Employees International Union. The staff of the OEIU have all of the polish and suavity of Wall Street bankers. Its hiring standards are based on the best industrial practices. Organizers and other officials are job rotated to give them a broader perspective. Special courses in management methods are routine in the union's personnel development program.

A strike by any other name

Ben Cohan is typical of the union's well-groomed staff. He is a veteran of some 300 organization drives involving white-collar workers, and he speaks freely of the kinds of appeals which have induced office workers to join unions.

"Our objective is to create a different image of unionism. We never use such phrases as 'strike funds,' and I always avoid talking about 'strikes.' I use the phrase 'economic sanctions' instead."

Taking a cue from management, Cohan's union runs a special induction program for new members. Its purpose is to negate any of the old

Labor Relations Spotlight

New Hassle: This seems to be the year when management negotiators will try to eliminate, rather than add, costly clauses in the union contract. Among the more expensive provisions of the standard union agreement is payment to shop stewards for time spent in handling grievances. Associated Industries of Cleveland estimates that no-work hours of union committeemen run as high as $700 a man. The company's demands now range from greater limitation on the number of hours a committeman spends on grievances to "let the union foot the bill." The union's counter-argument is that the time spent by the committeemen on grievances really saves money for the company, because these union delegates straighten out conflicts that might otherwise erupt into stoppages.

The Extra Hour: Mounting overtime in manufacturing industries is the source of inter-union squabbles. Because of the high cost of fringes, management sometimes finds it less costly to schedule overtime than to hire new men. But unions are discouraging overtime on the grounds that there are too many unemployed. Workers on the job oppose the union position.

Back Pay for Management: Mutual aid funds set up by unions to help one another in strike situations are common devices for cushioning the cost of a lengthy walkout. There is increasing talk of similar deals among companies. The nation's airlines have such an arrangement. Little publicized is the Newspaper Strike Insurance Fund of the American Newspaper Publishers Association. This fund recently paid *The New York Times* $282,001 to help offset the $15 million loss the paper incurred in a seventeen-day strike of newspaper deliverers last December.

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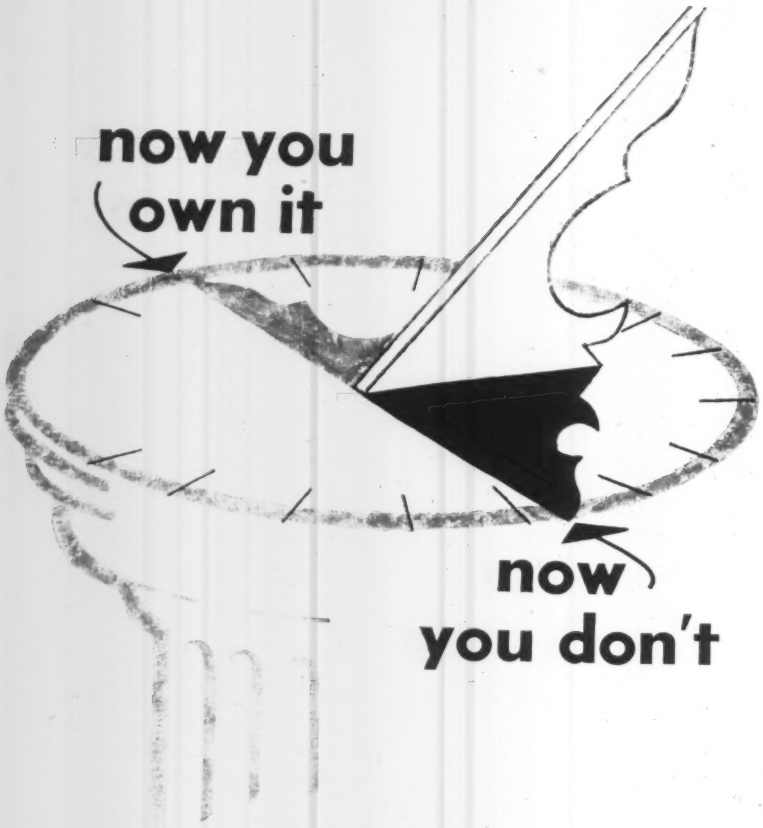

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class-struggle ideology that the employees may still associate with unions.

These orientation programs are held not in the smoke-filled union halls familiar to blue-collar workers but in a conference room that would please the most fastidious board member. Nothing in the booklet each member receives telling about the aims and services of the union suggests that employers are cads or villains.

Favoritism spurs unionization

One thing that bothers white-collar employees intensely and makes them ripe for unionization is an old complaint—nepotism and "cronyism."

"Favoritism is what gripes employees, no matter how many pious statements management makes about promotion from within," Cohan declares. "The other day we were able to organize a whole sales force because the president of the company insisted that a preferred territory go to the son of a judge who was a friend of the boss. Our union contracts do away with this kind of nepotism. We insist on job posting."

Howard Coughlin, president of the OEIU, agrees that incidents of favoritism will help the union to double its 50,000 membership in 1960. But he doubts that the AFL-CIO's overall campaign will be as successful as some of its leaders anticipate.

"Industrial unions do not have the feel of the white-collar worker. They should leave white-collar organizing to us who are in the business."

Coughlin's statement points up the current jurisdictional conflict among unions trying to sign up white-collar workers. There are 89 unions in the market for white-collar members, and only a handful are free of blue-collar traditions and strategy. Complicating the situation is the hands-off policy adopted by the Teamsters. Ironically, it's the Hoffa group which has established the policy that white-collar unionization is not the task of the barrel-chested organizer.

It is equally significant that at the conference in Washington where the white-collar campaign was hatched, several of the salaried employee unions did not participate.

Whichever way the organizing wheel turns—toward jurisdictional strife or a coordinated drive to enlist the white collarites—management can look for tense times ahead. END

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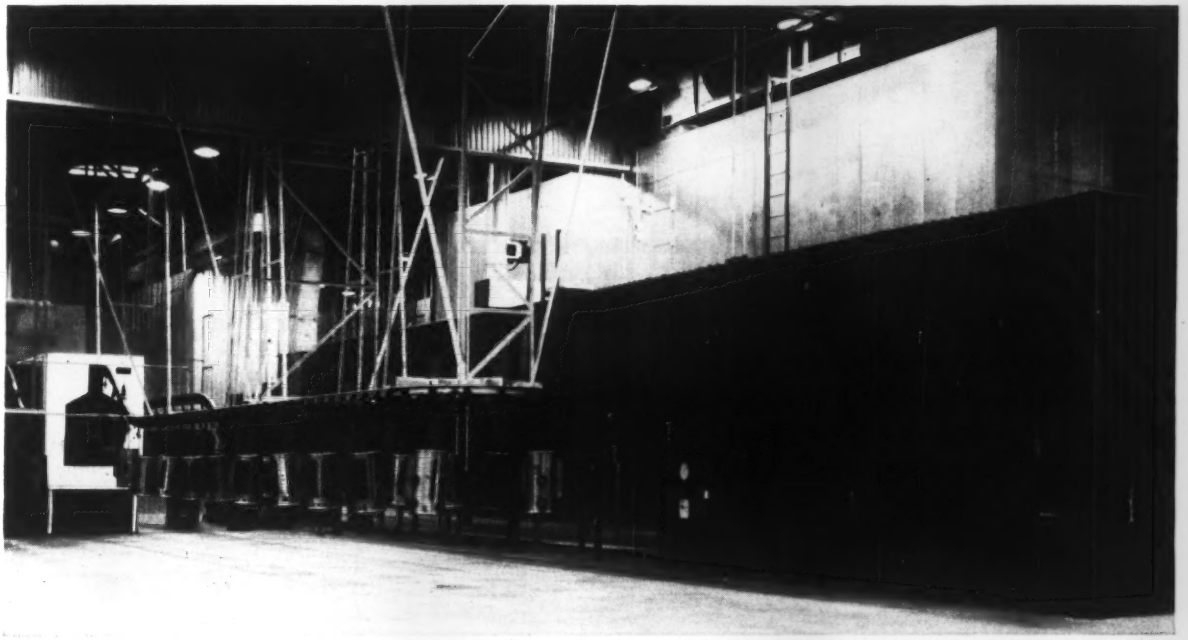

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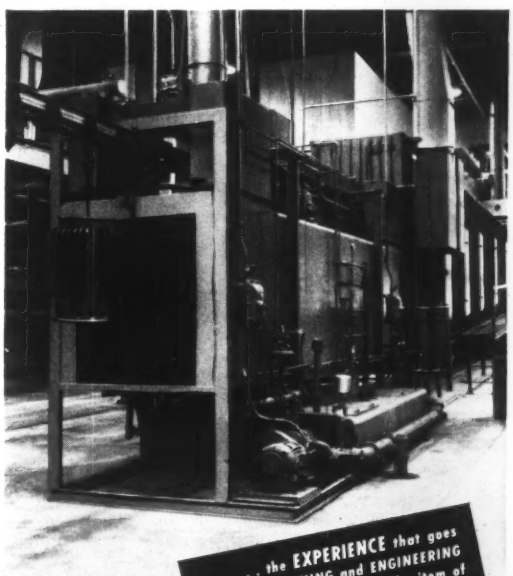

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Focus on Finance

GERALD M. LOEB

» *Flexible dividend policies are a must for companies seeking to satisfy varied stockholder interests.*

» *Burdened with taxes and capital requirements, many companies are forced to skimp on cash payout.*

» *Today's new investors are demanding—and often getting—regular monthly payments.*

Dividend Dilemma

To the management of a corporation with public stockholders, dividend policy is a matter of stockholder relations and status.

To the management of a privately owned corporation, dividends are primarily a matter of taxes.

In days gone by, the millionaire who sat around clipping coupons was thought of as the typical stockholder. Today, the take-home share of his interest in, say, $160,000 of pre-tax corporate income is about $25,000. This has about the same purchasing power as $12,000 had 25 years ago.

He is no longer thought of as the typical shareowner, but only as one of a miscellaneous group, which includes institutions and a growing army of small stockholders.

The corporate manager, therefore, has to try to satisfy the demands of stockholders who do not want dividends as well as those who want the absolute maximum.

Compounding the manager's difficulties, competition today makes it necessary to retain more cash in the business to be used for expansion, research, and modernization.

The tendency today is to reduce the cash payout and sometimes supplement it with stock dividends. The stockholder in the large tax bracket can keep his stock dividend. The stockholder in the low tax bracket can cash in on his if he wishes. This is a middle-of-the-road policy adopted by such companies as International Business Machines Corp., Gulf Oil Corp., and Standard Oil Company of Indiana.

Of course, how much management pays in dividends is just one side of the question. The other side concerns *how* it pays.

Ideally, payment is made with dependable regularity. The famous $9 annual dividend which American Telephone & Telegraph Corp. paid for 37 years is a good example. However, all companies cannot rely on the steady earnings enjoyed by telephone companies, utilities, and consumer industries.

The prince-or-pauper type of company is wise to keep its regular dividends very low and supplement them with an extra in the closing period of good earnings years.

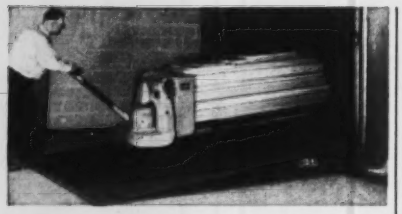
Less left for the owners

What is the consensus on dividend policy? One automobile company president in Detroit will tell you, "I must be in the lead in expansion and modernization in order to keep my cars selling at a satisfactory volume. This requires that our company provide a substantial portion of its capital needs from retained earnings. Therefore, the day of the 60 per cent cash payout for my company is over. Forty per cent is more likely now."

One of this motor company's competitors has in the past taken a different view on dividends. Equity financing has often been an important means of meeting its capital needs. Its financial philosophy appears to be that a generous dividend policy, besides giving its shareholders a reasonable return on their investment, favorably affects the market price of its shares. This tends to facilitate and enhance the placement of additional stock through rights. It might also be reasoned that the higher market valuation for the common stock as a result of the dividend policy improves the corporation's standing and enables management to borrow more effectively.

The list of American shareowners has increased enormously in recent years, and there is no question that the public wants dividends—and regularly, too. Cognizant of this desire, about a dozen companies are paying dividends monthly. American Home Products Corp. has paid a regular monthly dividend for many, many years, and more recently, Safeway Stores, with sales of more than $2 billion, has adopted the monthly dividend policy.

Dividend policy is largely influenced by capital requirements of the corporations. However, in these inflationary days, the allowable deductions for depreciation, depletion, and obsolescence are often not sufficient to pay for needed replacements. Many corporate managers feel, therefore, that in order to provide these funds a tax-paid reserve becomes necessary. This reduces the funds available for dividends. However, it



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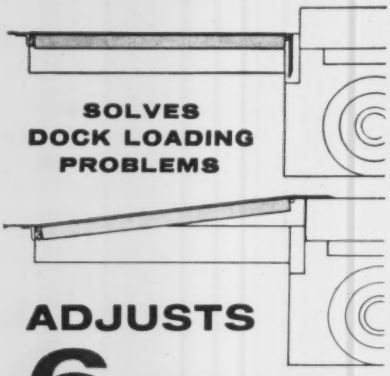

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benefits the stockholder by minimizing the need for either new bond financing or stock financing, which would dilute his equity.

A number of natural resource companies are able to make a tax-exempt or partially tax-exempt dividend. They distribute dividends without trying to accumulate a reserve to replace their diminishing natural resources.

Some companies are able to make other types of tax-sheltered dividend payments. For example, cash derived from the sale of property at a loss is not subject to ordinary income taxes. Investment companies who invest in the stock market and in other securities markets pay a proportion of their income as a capital gain to their shareholders. Here, the stockholders receive the advantage of the 25 per cent long-term capital gain, regardless of whether it was short-term or long-term to the investment company.

Needed: better communication

Much can be done, but very little has been done, to educate shareowners as to the "whys" of dividend decisions. Despite the fact that no dividend has ever been paid, stock in The Cross Company of Frazer, Mich., has increased greatly in value. Its president, Milton Cross, explains the dividend policy this way:

> Dividends are unlikely to be paid in the foreseeable future. In any event, they will not be paid until our current loans are retired. We believe more in shareowners benfiting through capital appreciation than through dividends that largely find their way into the coffers of the tax collector.

David W. Wallace, executive vice president and secretary of the Allegheny Corp., told shareowners at their annual meeting in Baltimore that they cannot look forward to an early dividend payment on common stock.

Wallace asserted, "It is more important to raise earnings and asset value, so that once a common dividend is paid, the company will be able to continue paying it."

Corporate management could reduce some of its problems by explaining its dividend policies more carefully in its annual reports.

This is particularly true of new, unseasoned stock issues. Here, cash has been raised and new stockholders created to participate in untried ventures. Paying an initial dividend at an early date is tantamount to returning some original capital to the new investor in the form of taxable income. Shrewd investors generally see through this device and sell out. The correct way to proceed is to tell investors why dividends must be postponed for the concern's benefit.

In the case of a privately held corporation where the shares are owned by management, the problem is simple. It largely boils down to a tax situation involving salaries, dividends, and, at times, accumulated surpluses. Usually, the interests of the few stockholders are similar, and no internal friction is likely.

Giving the stockholder a break

Now let us examine how intercorporate dividends can be processed to great advantage. When the U.S. Government sold American President Lines, the buyers formed a corporation. The corporation then borrowed a large part of the purchase price. Later, American President Lines paid generous dividends, taxed at only 7.8 per cent to the holding corporation. In turn, the corporation used the funds to retire debt. This increased the equity of the holding corporation's stockholders and paved the way for a 25 per cent capital-gains profit some day.

Thus, dividends that might have been taxed at better than 90 per cent if received directly by some of the top-bracket stockholders of the holding corporation accrued to them at a tax cost of less than 33 per cent. An additional advantage to the buyers in this case was the leverage obtained by using a minimum of their own capital and maximum of bank capital through the loans.

What about the dividend of the future? It depends on a possible reduction in the double taxation existing today. Under current tax laws, a company's earnings are taxed primarily at 52 per cent, and when dividends—or part of the earnings—are paid to stockholders, it is taxed again.

However, there is a glimmer of hope for improvement in this unjust situation. In 1954, a step was taken when tax laws were altered to allow an exemption of $50 in dividend income for an individual, as well as a credit of 4 per cent on net dividend income which can be applied against taxes due. Unfortunately, Congress shows more signs of wanting to repeal the credit than to enlarge it.

There is a crying need for corrective thinking on dividend taxation. Corporate growth will be aided im-

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For full information about this or many other desirable industrial sites in C&O territory address: Wayne C. Fletcher, Director of Industrial Development, Chesapeake and Ohio Railway, Huntington, W. Va. Telephone: JAckson 3-8573.

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measurably when management can have a lower dividend payout and the investor can keep more of his dividends.

Women in the Census

The 1959 census of share ownership in America published by the New York Stock Exchange contains 36 pages and numberless statistics. Under "sex," we find that among individual shareowners, 47.5 per cent are adult males and 52.5 per cent are adult females. I don't question these figures, but I do question much of the interpretation that can stem from them. I am sure that men still own a larger dollar value of shares than women. The Brookings Institute survey found in 1952 that the average number of holdings in male names was 167 shares, against 121 for the weaker, if not the wealthier, sex. Even this surprises me, because as a matter of my own experience I find that three out of four *active* investment accounts are in men's names.

Unusual Annual Reports

The Bristol-Meyers Company is famed for the unusual in products. This ingenuity is also reflected in its annual report. One of the unusual aspects of this document is a pocket in the front cover containing a 21-page booklet for the recording of essential data about important phases of the stockholder's family affairs. The company's complete and formal financial data is separately bound in the back cover pocket. The farther a company can go in inducing the investor, the employee, and the customer to show interest in the annual report and retain it for future reference, the more worthwhile the effort.

Another unusual annual report comes from the Scott Paper Company. Scott prints a special "student edition" for the use of colleges and universities in their courses in business and economics. This is accomplished by surprinting the regular annual report with key letters and numbers which, in turn, refer to interlaced guide sheets that make the report crystal clear to the student. The student of today is the investor and voter of tomorrow. Scott offers this report and other aids to education to tell the story of free competitive enterprise and its vital role in our economy. END

AMERICAN TRUST COMPANY

San Francisco

Statement of Condition, June 30, 1959

RESOURCES		LIABILITIES		
Cash on Hand and in Banks	$ 312,851,624.00	Deposits		$1,676,165,260.34
U. S. Government Obligations	415,574,041.27	Acceptances Outstanding		1,023,242.76
State, County and Municipal Bonds	92,056,957.00	Reserve for Unearned Discount		16,869,024.95
Other Bonds and Securities	8,194,600.54	Reserve for Interest, Taxes, etc.		9,906,207.97
Stock in Federal Reserve Bank	3,000,000.00	Other Liabilities		4,148,387.36
Loans and Discounts	963,500,761.31	Capital Funds:		
Bank Premises and Equipment	17,213,372.76	Capital Stock ($10.00 par value)	$27,812,500.00	
Other Real Estate	1.00	Surplus	72,187,500.00	
Customers' Liability under Acceptances	964,763.08	Undivided Profits	20,122,769.66	120,122,769.66
Accrued Interest Receivable and other Assets	14,878,772.08			
Total Resources	$1,828,234,893.04	Total Liabilities		$1,828,234,893.04

United States Government and other securities carried at $221,918,185.34 are pledged to secure U. S. Government Deposits, other public funds, trust deposits, and for other purposes as required or permitted by law.

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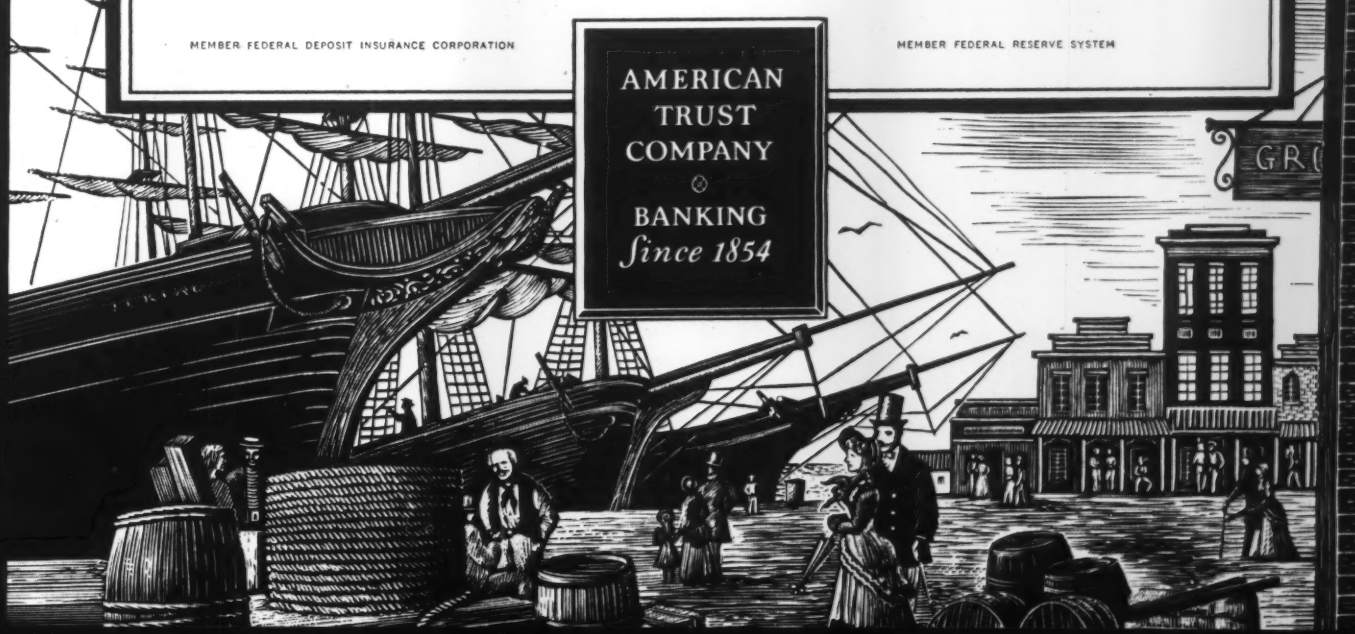

New **Butlerib**™ *panels* create the* **BOLD AND BEAUTIFUL LOOK**

for **Butler buildings**

Take a look at the new Butlerib panels being installed at the right. Notice the unique pattern. A combination of deep and shallow corrugations creates dramatic shadow lines . . . a new sculptured look. Butlerib gives industrial and commercial buildings a new, distinctive appearance. It is the new standard cover for Butler buildings—the fastest, lowest-cost way to build well.

New Butlerib panels make the Butler system of building an even better, faster way to build well. Butler pre-engineering saves countless hours of routine engineering. Butler mass-production eliminates costly custom fabrication. Precision roll-formed, new Butlerib panels fit the Butler structural system to a "T", permit fast, bolt-together assembly methods that save you weeks – even months – of costly construction time . . . put you in business and earning profits that much sooner.

Get full details on Butler buildings and new Butlerib panels from your nearby Butler Builder. Ask him about Butler financing, too. He's listed in the Yellow Pages under "Buildings" or "Steel Buildings." Or write directly to us for literature.

*Patent Nos. D178605; D178659

And the most weathertight cover ever offered as standard construction

New Butlerib panels are not only beautiful, they're extremely functional. The new corrugated pattern makes them the strongest, most rigid cover panels ever offered on Butler buildings. This means that there's even less deflection under wind and snow loads. Joints stay tight and snug.

Butlerib panels offer maximum protection at lowest cost. Secured with modern self-clinching fasteners (see photo at right), Butlerib panels are installed quickly . . . economically. And they do not require the costly maintenance and repairs of traditional construction.

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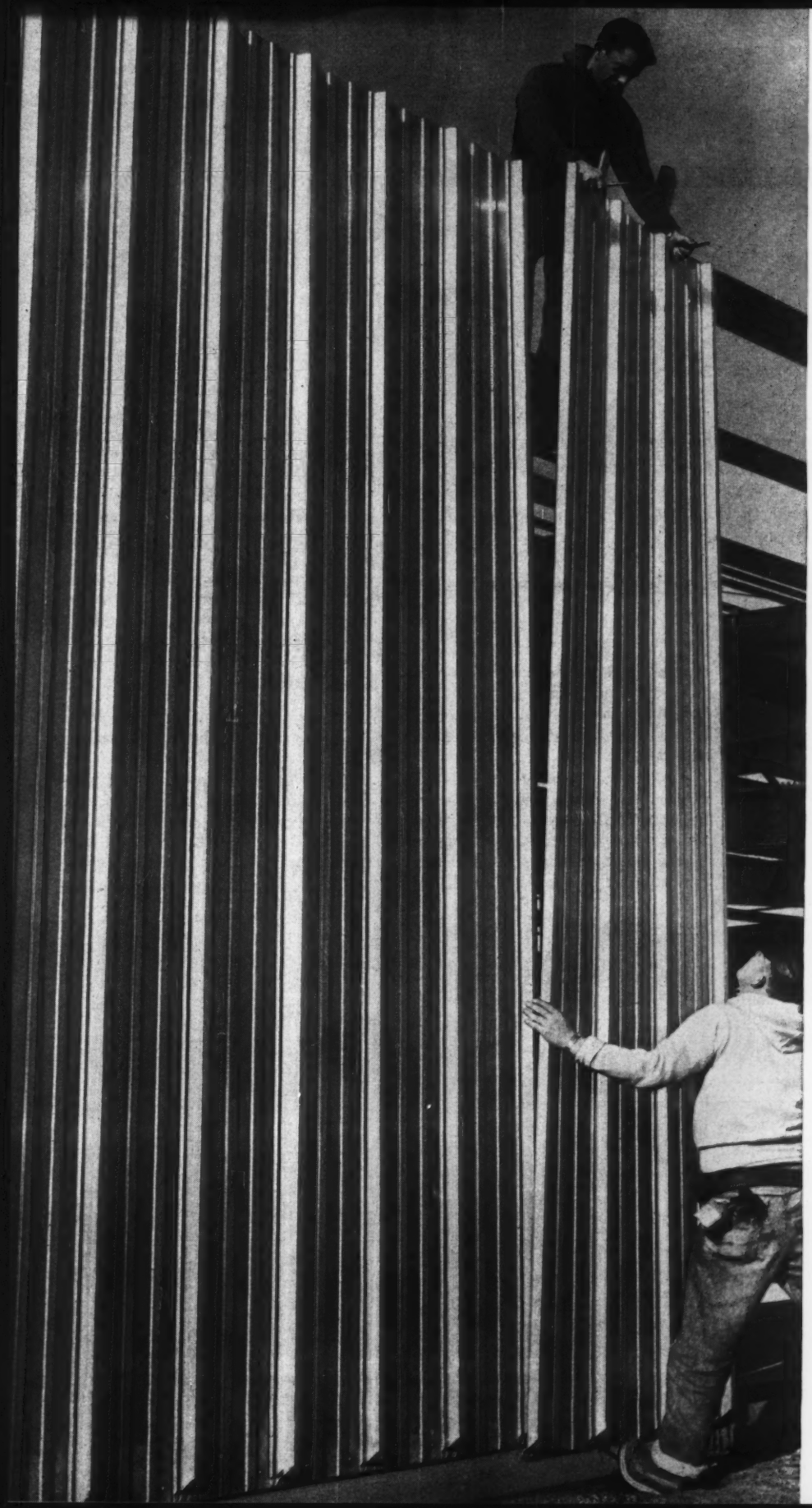

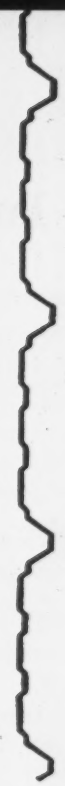

A full 3 feet wide and available in lengths up to 32 feet, Butlerib panels make short work of covering even the largest Butler buildings. The unique pattern of deep and shallow corrugations makes these the most rigid panels of their type.

International Markets

- *Seven European nations headed by Great Britain have formed a new "little free trade area."*
- *Business conditions in Western Europe look bright through 1959, a U.N. survey shows.*
- *American investors are showing more interest in foreign company investments.*

Rival Trade Pact

A "little free trade area" involving a common market between Great Britain, Sweden, Denmark, Norway, Switzerland, Austria, and Portugal is the latest European merger move. Ratification is expected by year-end. This is an attempt on the part of the seven-nation bloc to negotiate from strength in the event they join the European Economic Community, or, failing that, to reinforce their competitive posture. Linkage with the British Commonwealth countries and the Portuguese possessions expands the trade dimensions of this new combine. It at once poses a threat of self-sufficiency and/or a promise of high-level trade reciprocity, both in raw materials and in finished goods.

The core of this new trade agreement is a 20 per cent cut in internal tariffs within the "little free trade area" by a target date of July 1960. The cut is equivalent to the tariff adjustments within the EEC which are to go into effect about the same time. But the external tariffs of the new bloc, unlike the EEC, will remain under control of each country.

At worst, this new merger could split Western Europe into two rival trade camps. At best, it could pave the way for the all-inclusive European Common Market originally envisaged by its architects. Meanwhile, at least the machinery for merger will have been set up and the points of friction between the nations in the new pact softened.

Finland has announced it is considering participation in the new pact. Still unaffiliated are Iceland, Ireland, Greece, and Turkey, which appeared in the original blueprint of the Expanded Free Trade Area of Europe. Chances are that, either individually or as a group, these countries soon will gravitate toward one or the other trade bloc.

On the whole, these developments spell more headaches for American companies depending on direct exports to maintain their market position abroad, but more opportunities for American concerns shifting operations bases overseas to get in on the ground floor of growing markets.

Good Business Through '59

The upswing in business among Western industrial nations is expected to continue through 1959, according to a survey by the Department of Economic and Social Affairs of the United Nations. Looking ahead to 1960 and beyond, the forecast suggests "the rate of economic expan-

continued on page 66

COMMON MARKET VENTURE: *Under a license agreement with French makers of the Dauphine, Alfa-Romeo of Milan is currently turning out the "Dauphine-Alfa Romeo."*

"Time dijo . . ."

**". . . the 4 powers will . . .
the 21 nations have . . .
the 50 states are . . ."**

Foreign affairs are especially important to the growing nations and industries of Latin America.

To keep up with international news and U.S. activities, executives and officials throughout that area read TIME every week.

And when they talk of the current events that affect their plans, they often make use of the words "TIME dijo . . ."—"TIME said . . ."

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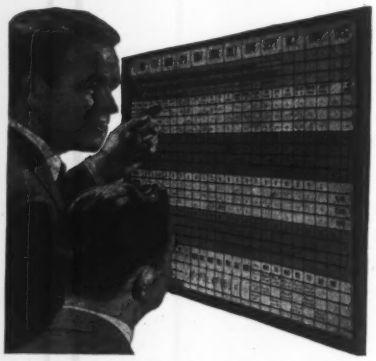

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sion will be limited only by the level of demand."

The facilities to satisfy consumer needs already exist. Industrial production among Western nations, including the United States and Canada, was at the rate of 70 to 80 per cent of capacity in the first quarter of 1959. U.S. personal incomes—up to $382.9 billion in June—are hitting new highs. The Canadian national product advanced 2 per cent in the first quarter of 1959 over the last quarter of 1958 and was up 4 per cent on a year-to-year comparison. The resurgence of purchasing power in these two countries alone (they account for roughly 20 per cent of world imports) promises a sustained demand in world markets.

Even in the Middle East the economic picture is brighter. Income from oil climbed to a total of $1.3 billion in 1958, or $210 million more than a year earlier. But soft spots remain on the commodity front. Prices are depressed under the impact of production gluts. Quotations on coffee and copper, big dollar earners for several of our important trading partners, have tumbled. Until these commodities stabilize at higher levels, U.S. exporters will find trade prospects in the Middle East limited.

Trends in Trade

The changing pattern of U.S. international trade in major areas and major commodities is shown in a study of 1958 trends in exports and imports, released by the Bureau of Foreign Commerce, U.S. Department of Commerce. Here are the highlights:

- Over-all exports, excluding special category shipments, plummeted 16.3 per cent or $3 billion.
- Over-all imports showed a light decline of 1.3 per cent or $170 million, narrowing the U.S. trade balance appreciably to some $3 billion.
- Canadian purchases dropped 12 per cent, especially in coal and petroleum products, metals and manufactures, machinery, and vehicles. Canadian sales to the United States held up to within 8 per cent of the year-earlier figure. But petroleum and related products were down 50 per cent, and metals and manufactures were off almost 30 per cent. However, foodstuffs scored a sizable gain of 16.7 per cent.

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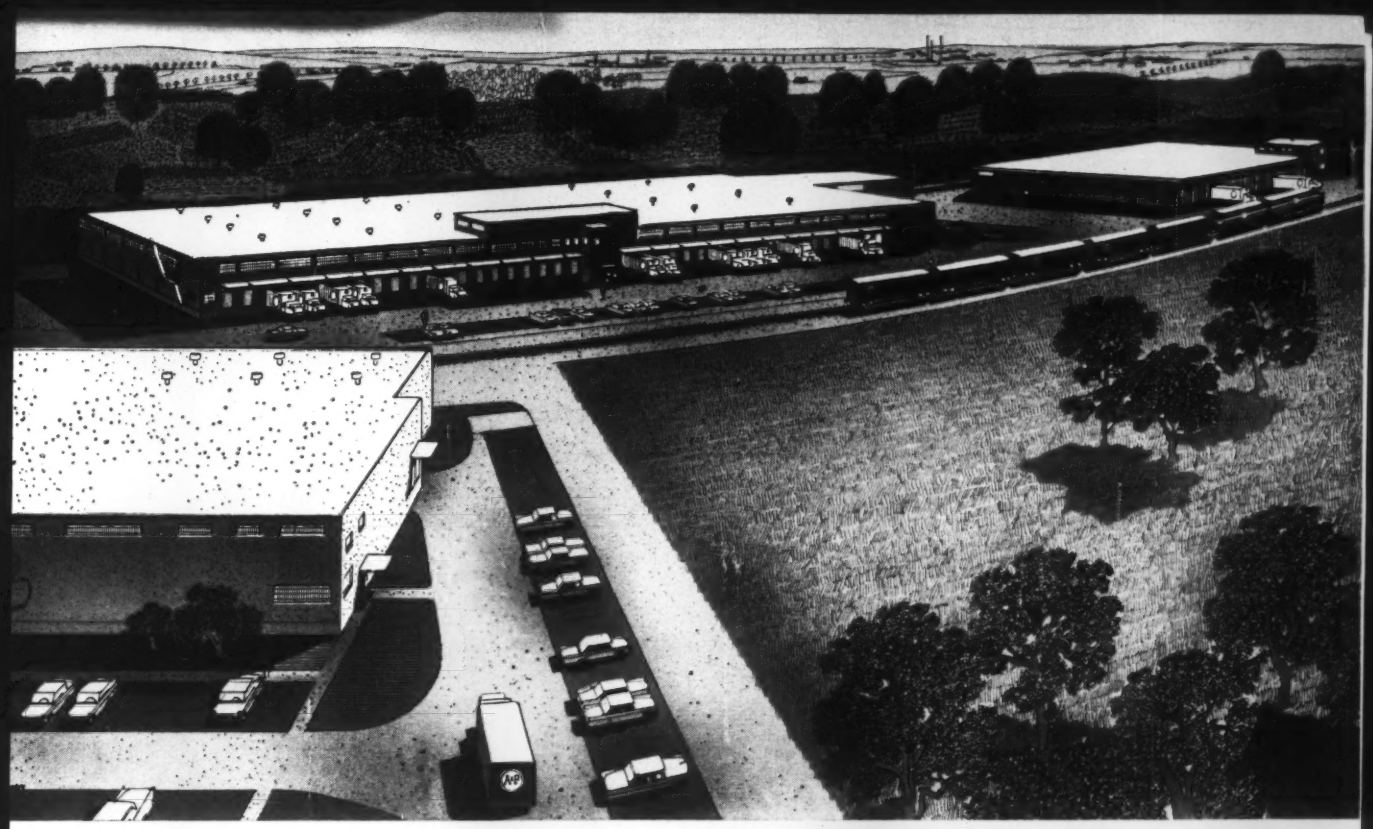

A&P's new Elmsford, N.Y. Distribution Center covers nearly 350,000 square feet of floor space. The site was found with the help of the New York Central

How New York Central helped A & P set up a super center!

To better serve A&P Supermarkets in New York City's northern suburbs, the Great Atlantic & Pacific Tea Company has recently completed a huge distribution center on a 50-acre tract in Elmsford, N. Y. This site was found with the help of the Central.

Here is a "Central" location in every way! A&P outlets in Westchester and parts of other nearby counties are all within close delivery distance. And the New York Central runs right through the property, permits unloading of up to 25 freight cars *under cover*, simultaneously!

Helping companies large and small find the right location for a new facility is an old story at the N. Y. Central. Its Plant Site Consultants are there to help you too. They will draw up plant site appraisal reports specifically tailored to your operations . . . assemble the necessary acreage . . . enlist local cooperation for your project.

Fact-filled guides on plant-site availabilities in key market areas are also yours for the asking as part of the Central's confidential Plant Site Consulting Service.

Whatever your special needs, write to Mr. Otto W. Pongrace, Director of Industrial Development, Department E, New York Central Railroad, 466 Lexington Avenue, New York 17, New York.

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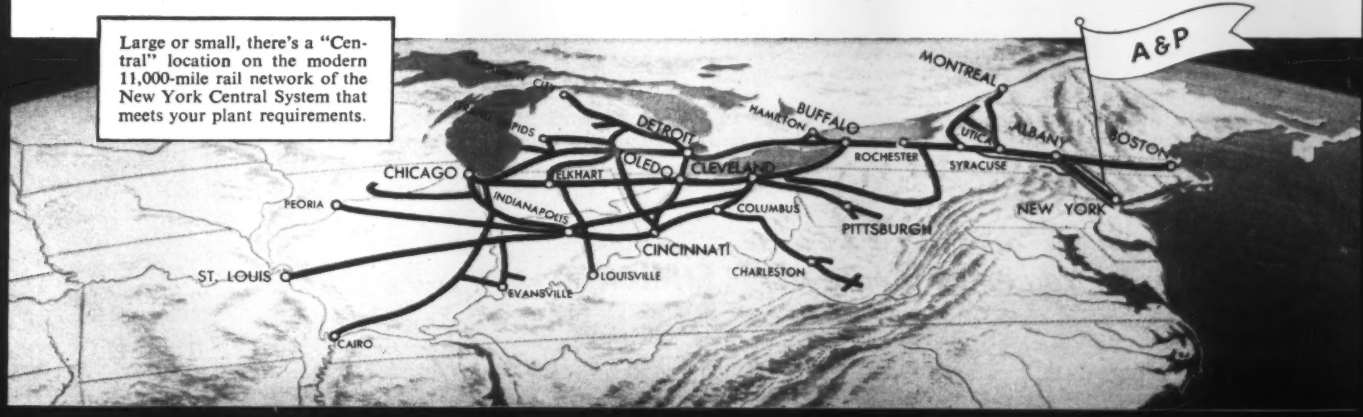

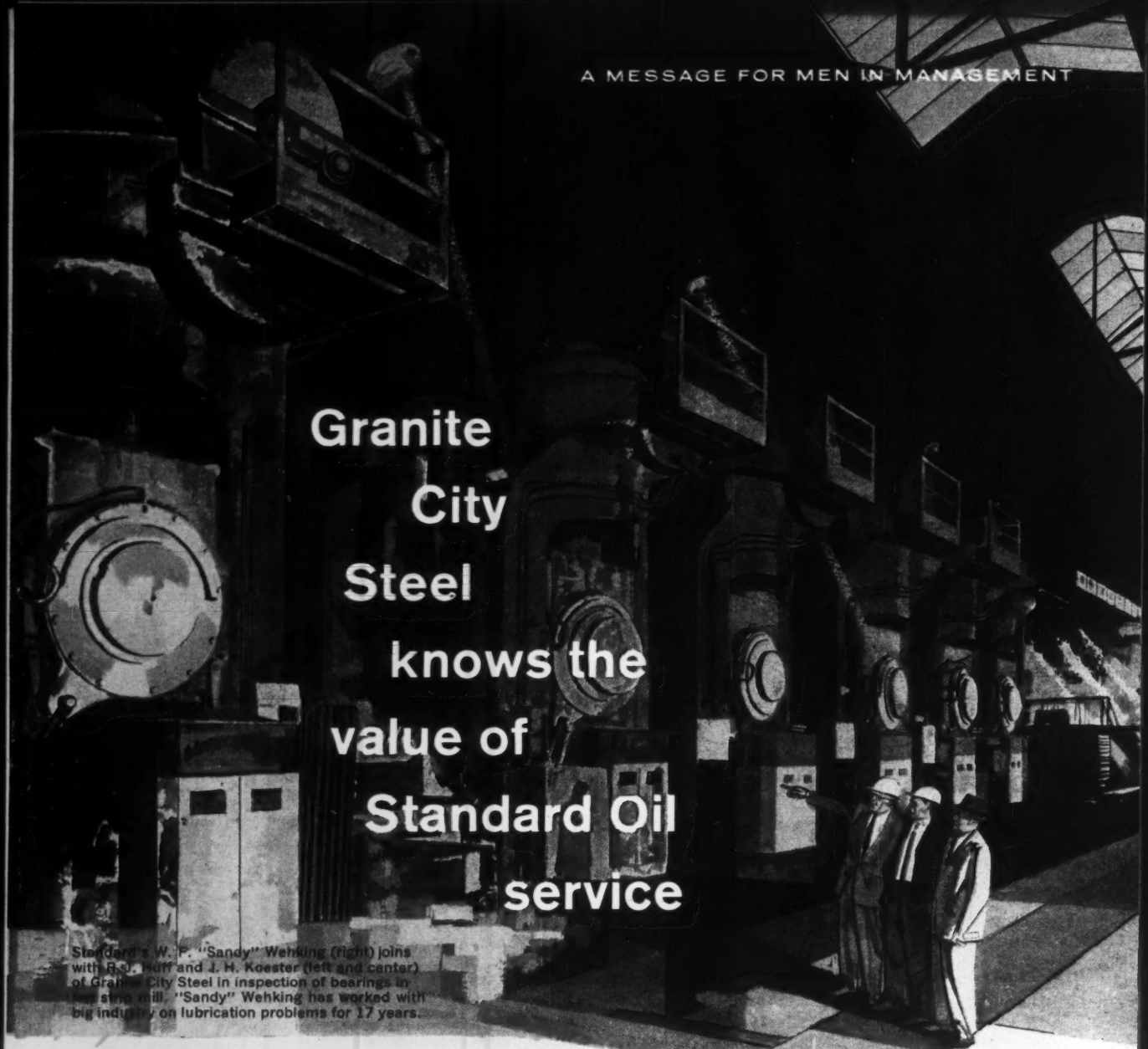

Granite City Steel knows the value of Standard Oil service

Standard's W. P. "Sandy" Wehking (right) joins with R. J. Huff and J. H. Koester (left and center) of Granite City Steel in inspection of bearings in hot strip mill. "Sandy" Wehking has worked with big industry on lubrication problems for 17 years.

Bearings in part of Granite City Steel's hot strip mill are capable of carrying loads of more than three million pounds. These bearings ride on an unbroken film of oil. The oil, which is Standard's STANOIL Industrial Oil, must maintain its viscosity within narrow tolerances to assure proper operation of the mill throughout the speed range. STANOIL Industrial Oil has been delivering superior performance in this job for more than 22 years. The oil has met the increasing demands placed upon it as, through the years, the production of the mill has increased from 400 tons to more than 2,000 tons per shift.

An experienced Standard Oil industrial lubrication specialist calls on Granite City Steel to watch over the performance of Standard Oil products used in the mill. Samples of STANOIL are taken for laboratory analysis at regular intervals. Stocks of STANOIL are maintained at a Standard Oil warehouse just 12 miles from the plant so that emergency as well as normal requirements can be met at a moment's notice.

As a management executive, perhaps you may want to know about Standard Oil's ability to serve your plant with petroleum products and technical service anywhere in the 15 Midwest or Rocky Mountain states. An industrial lubrication specialist is located in each of the 48 Standard Oil district offices. Telephone him. Or write **Standard Oil Company (Indiana), 910 South Michigan Avenue, Chicago 80, Illinois.**

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• On the politically turbulent Latin American front, imports from the United States fell off 11 per cent, but exports to America retreated by only 5 per cent. Biggest cuts were in metals and, of course, coffee. But a partial offset showed up in other foodstuffs sales to the United States, which jumped by more than 25 per cent. Biggest drops in our exports to this region were in petroleum and products, construction, excavating and mining machinery, and automobiles. The latter were down 20 per cent.

• Western European imports from the United States followed the general downward drift, sagging 22 per cent. Heaviest cuts were in inedible oils, unmanufactured cotton, coal and petroleum, and iron and steel, including scrap. All these showed declines ranging from above 40 to slightly below 60 per cent. But European exports to the United States were up 8 per cent. The boost was due mainly to heavier shipment of foodstuffs and sports and compact family cars. Americans bought 65 per cent more made-in-Europe cars last year, and they currently are buying the imported versions at the rate of one in every twelve cars sold domestically.

• Asia bought less grain, less unmanufactured cotton, less metal, less machinery and vehicles, for an overall drop of 25 per cent. But aside from a 31 per cent shrinkage in its sales of crude rubber, a vital dollar earner in this area, other commodity sales to the United States were down less than 4 per cent.

• As a bloc, the Middle Eastern nations, despite all the political furor, continued to buy in only a slightly diminished volume. Our exports to that area were off only 0.6 per cent. Our imports actually went up by 15 per cent. Purchases of Middle East petroleum rose sharply by almost 50 per cent.

• U.S. exports to Africa were off 12 per cent; automobiles and automotive parts sales dropped 27 per cent. African sales to the United States dropped moderately—8 per cent—but metals exports, down more than 30 per cent, took the sharpest dip.

In summary, more foodstuffs of the world are appearing on our tables, and more petroleum is being brought in from abroad to power our cars and fire our furnaces. At the same time, fewer industrial materials and supplies, less machinery, and fewer cars

continued on page 72

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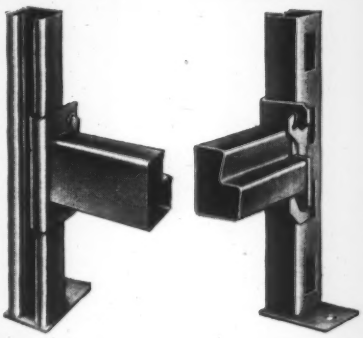

Left—smooth line construction of aisle side of post and stringer eliminates hazardous protrusions. Stringers raise and lower like a window. Right—note rigid connection when stringer is "locked" to post.

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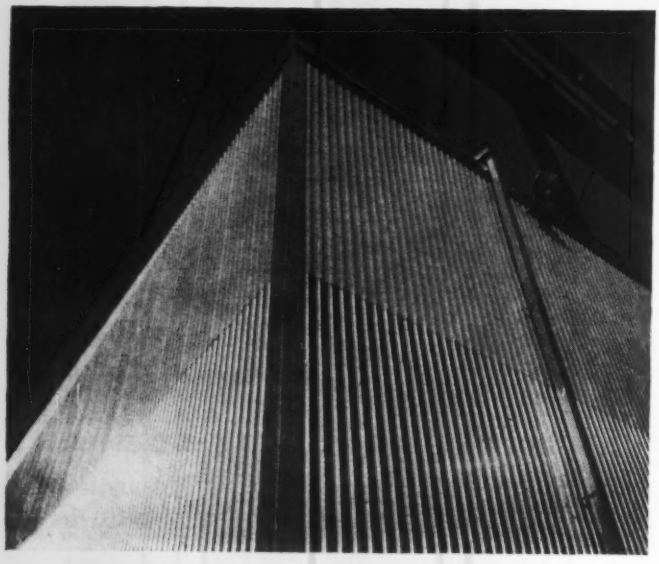

This terminal warehouse put an end to up-keep

This warehouse building is bigger than a football field and it sits about ten paces from the Delaware River in North Philadelphia. Because of atmospheric corrosion, maintenance of such a building is usually an expensive problem.

But the Northern Metal Company will never have to worry about painting this building. It is Stainless Steel. The walls will look bright and new for generations with practically no maintenance because

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If you plan to build, be sure to discuss Stainless Steel curtain walls with your architects and engineers. For more information write to United States Steel, 525 William Penn Place, Pittsburgh 30, Pa.

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of the "Made in USA" stamp are finding buyers abroad. This, at least, was the pattern in 1958. And so far it continues unchanged.

Investor Interest Grows

Either through direct stock purchases or mutual fund investments, more and more U.S. investors are reaping dividends from the peaceful invasion of U.S. companies in foreign markets. A recent study by *Trusts & Estates* magazine of the annual reports of 155 leading U.S. companies points up why American concerns are going international. Here are some of the reasons:

- Sales of foreign-made goods, though still relatively small, are on a decided upward trend.
- Significantly, many companies reported that their foreign production and sales increased while domestic operations were slowed by the recession. Gains also were reported in exports, royalties and licensing fees, and profits.
- More and more U.S. manufacturers are shifting their production and distributing facilities to overseas bases in order to compete with large, well-equipped manufacturers in Europe and Japan.
- American management believes greater sales opportunities, larger profit factors, and easier access to overseas research offset the risks involved in operating abroad.

Job for Tonguewaggers

Something new in dunning techniques is being considered by the British National Union of Small Shopkeepers. Plagued by delinquencies, shopkeepers are mulling over the idea of having brightly painted trucks call at the homes of defaulters to make "conspicuous collections." The power of gossip should do the rest, according to the Union's reasoning.

—ALEXANDER O. STANLEY

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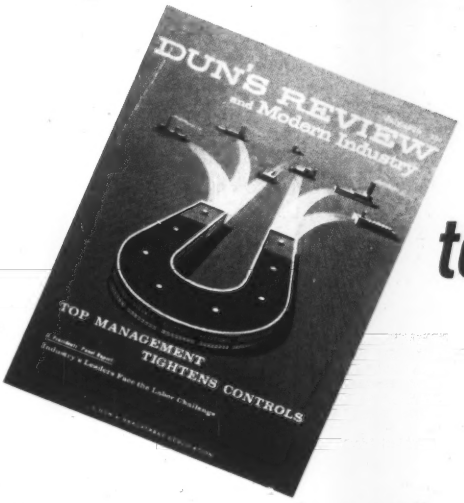

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Capital Views & Previews

New Guides to 1960 Markets

PAUL WOOTON

THE RESULTS of a careful nose-count of potential customers and competitors will soon be released by the Government to help American business men plot their assaults on the big new markets of the 1960's.

Preliminary reports on the census of manufactures—one of three economic censuses taken every five years—will begin to flow from the U.S. Bureau of the Census in November or December. Information garnered from the census of mineral industries and the census of business (a survey of wholesaling, retailing, and service trades) will become available in succeeding months.

"The precise information contained in these census tabulations is invaluable to the business man who is trying to pinpoint a special market," says Dr. R. W. Burgess, director of the Bureau of the Census. "In view of the tremendous variety of consumer demand, it's better to take dead aim on your target than to rely on the shotgun approach. The new censuses also will provide more adequate data on new products and more detail about the electronics industry."

This up-to-the-minute statistical material is used by business planners as the basis for forecasts of prices and business activity. It is essential for use in connection with the index of industrial production and wholesale price figures. In fact, these are the basic facts which illuminate the entire economy.

The use of new electronic equipment especially designed to meet Census Bureau requirements will help speed the returns to interested business men. More accurate, carefully planned sampling and the prompt return of questionnaires also will make it possible for the Government to release the data earlier than ever before.

Advance mailing of questionnaires has expedited the work of the field force. Tax returns have been found to contain adequate information concerning many small businesses, making it unnecessary for census takers to call at more than a million establishments. Quality control methods have been improved, and electronic equipment has been used to detect inconsistent entries.

Returns on the census of business are in and are being readied for the computers which are expected to produce compilations of the record volume of data many months earlier than has ever before been possible. This is expected to be the most comprehensive source of information available on the distribution of goods. The serv-

R. W. Burgess, Director, Bureau of the Census.

ice trades, which have enjoyed phenomenal growth since the last census, are covered more completely than ever before. The unprecedented volume that also has been recorded by retailers and wholesalers in the same period will be reflected in the findings.

Principal subjects covered in the census of business are credit, inventories, commodity lines, form of company ownership, and sales. Taking note of the trend toward shopping centers located outside the central business district, the Census Bureau will provide a more detailed breakdown on towns and townships. Advance tests are under way which are expected to lead to broad special sampling of twenty merchandise lines and to new information on value added by distribution.

More facts in less time

Preliminary reports on the census of manufactures expected this fall will cover such matters as value added by manufacture, value of shipments, capital expenditures, payroll, and manhours. This material will be issued ten months earlier than usual.

By next summer, manufacturers' bulletins based on the new Standard Industrial Classification will begin to be available. Transition tables will be included to correlate the results under the old and new systems. These bulletins will include material not gathered heretofore on such subjects as distribution of sales by class of customer.

Supplementary data will be furnished on wages and salaries and maintenance and repair expenses. Insurance and expenses also will be covered. More data will likewise be provided on depreciation accounting and on materials consumed.

Information concerning containers and packaging supplies will be included for industries where such items represent an important element of cost. Returns will cover location of manufacturing plants by industry and employment size, revealing regional industrial shifts.

In the opinion of A. Ross Eckler, deputy director of the Census Bureau, "The results of the current series of censuses will prove to be the most valuable ever issued, not only because of their new features, but also because of the emphasis on quality and on timeliness of publication. We are confident that they will make a real contribution to helping business maintain the pace of economic recovery." END

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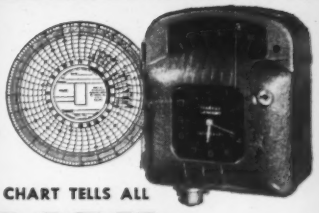

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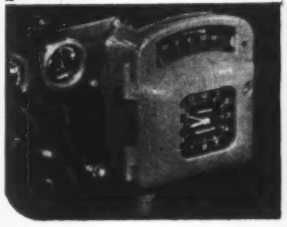

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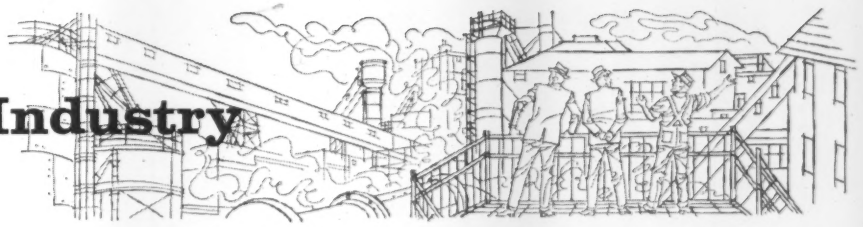
Inside Industry



- *Big savings from automated scrap processing.*
- *New system cuts manhours, recovers oil.*
- *New generator sparks thermoelectric progress.*

Profits in Scrap

Now that scrap prices are on the rise again after months of depression, alert manufacturing companies are checking their scrap removal techniques for opportunities to save dollars and make dollars. One such company—Hoover Ball & Bearing—is saving tens of thousands of dollars annually.

When this company decided to abandon its antiquated plant and build a modern facility at Ann Arbor, Mich., scrap removal was given full attention. In the old plant, two men on each shift carted scraps from the cutting machines to draining bins. After the cutting oil drained out, the dry scrap was removed to railroad gondola cars. Too much of it spilled along the way, creating a needless housekeeping chore for the janitors.

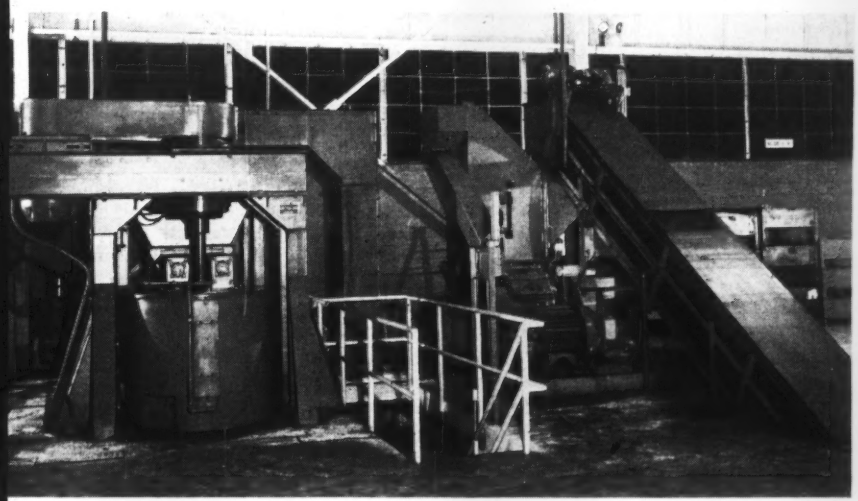
In the new plant, 150 feet of underfloor conveyers move the scrap to automatic processing equipment (see photographs below).

The scrap is first crushed to a convenient size, then pushed through a wringer to get out the oil, and finally blown to a storage hopper outside the plant. To allow for future expansion, the system was designed to handle twice the present load of 20 tons of scrap a week.

With the new equipment, one man spends about an hour and a half each day cleaning the Sharples centrifuge tank, which removes water from the salvaged oil. About 85 per cent of the cutting oil is recovered in this way.

The Hoover system shows what application to the problem can achieve. Other companies that have recently installed mechanized scrap handling are U.S. Hoffman Machinery Corp., Auburn, N.Y.; General Electric Company's Large Steam Turbine-Generator Department, Schenectady, N.Y.; and GE's Appliance Park, Louisville, Ky. All are making important savings.

The next step in scrap disposal—suggested by the recovery of the cutting oil—would be immediate conversion of the scrap bulk into metal stock. There's a considerable incentive to the inventors working on this problem: metal stock costs a lot more than the approximately $16 per ton that scrap dealers pay for scrap chips. The ultimate objective is to find a



SCRAP RECOVERY SYSTEM: *Scrap comes from the cutting machines via the under-floor conveyer at the right. After it is crushed, the cutting oil is removed in the wringer in the foreground, left. The dry chips are then blown to the 40-ton hopper, photo at right.*

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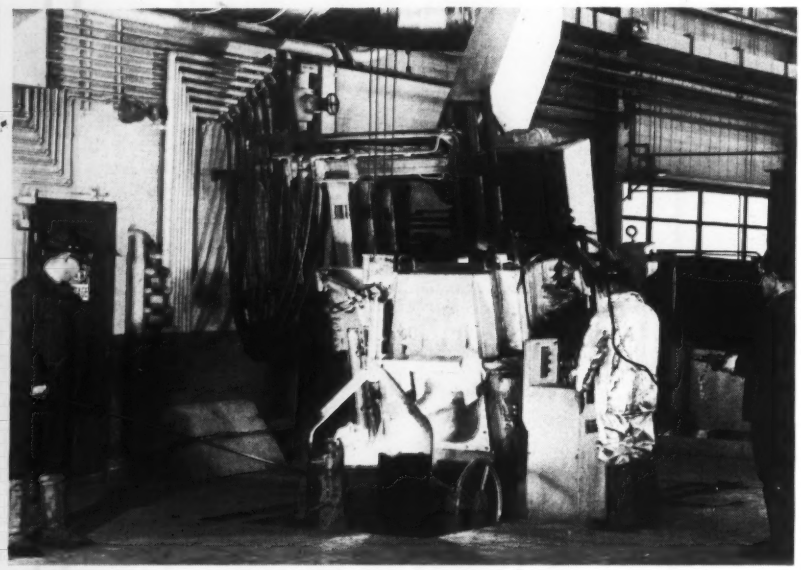

NO MIDDLEMAN: *The last stage in the experimental Republic Steel Corp. process for direct conversion of iron ore into steel. Blast furnaces and scrap steel are eliminated.*

way of feeding scrap iron chips right back into a casting furnace. Much research is being done on the problem, and a solution may not be far off.

Although ferrous scrap prices are rising at the moment, the long-term outlook on scrap, used extensively in steel production, is clouded by new technological developments. The world's steelmakers are learning to make steel with less and less scrap per ton by "beneficiating" low-grade ores. Despite a steady rise in the demand for steel, the inevitable effect of new technology is to depress scrap prices.

A possible but even more long-term worry for scrap dealers is the experimental Republic Steel Corp. process for direct conversion of iron ore into steel strip (see photo above). The process is similar to sintering because the iron ore is first powdered. When and if it is ever commercialized, this new process could send scrap prices plummeting.

Thermoelectricity Advances

Rapid progress in one phase of thermoelectricity—direct conversion of heat into electricity—should herald solid achievement in the other branches of this many-faceted technique (see DUN'S REVIEW, October 1958, page 103). Westinghouse Electric Corp. has delivered to the Air Force a thermoelectric generator (see photo, page 80) which generates 100 watts of power, said to be ten times greater than the output of any previous thermoelectric device. For instance, "Snap III," unveiled a few months ago at a Presidential press conference, has an output of only 6 watts.

Thermoelectricity is also the basis for experimental equipment that cools without any moving parts. The same knowledge that makes better electric generators also helps improve the cooling effect.

Known as "TAP-100," the new device runs on propane burning at 850° F. Westinghouse is already working on a version that will be heated by the decay of a long-lived isotope.

Thermoelectric generators powered by radioisotopes have been made in the United States since 1954, but the early ones had very low outputs.

Flexibility Saves the Day

A few years ago, the Hotpoint Company introduced a new feature in the top unit in their electric stoves. The feature, a built-in deep frying unit that also doubled as a coffee percolator or dutch oven, did not go over with the public, and few of the stoves were sold with the fryer.

Not to be discouraged, the company's designers pulled the fryer out of the stove and constructed a "recreation center" around it. Standing alone in a compact cabinet, it can be

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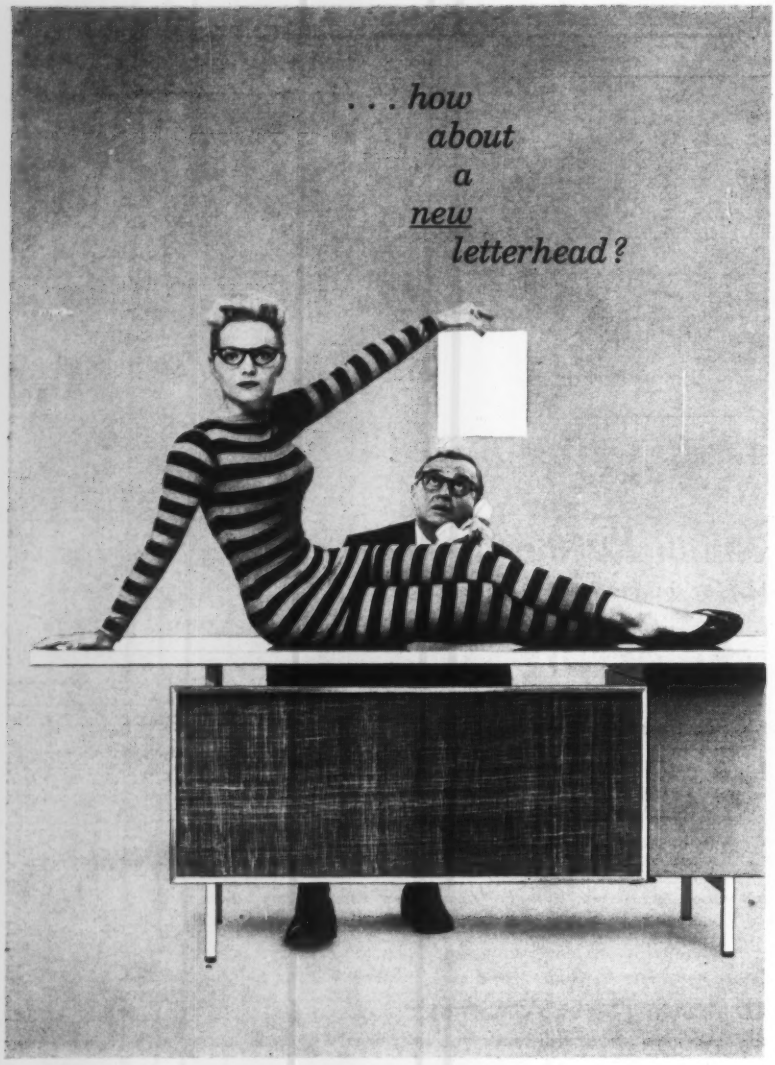

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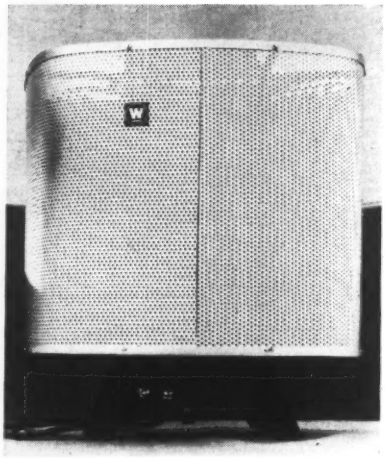

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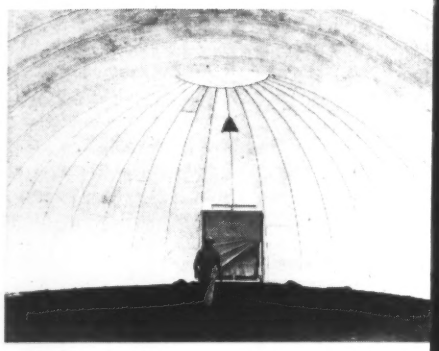
Moral for designers: If a new feature is unsuccessful in one form, try it in an entirely different situation.

Computer Fringe Benefits

Many companies are displaying their computers in street-level offices or in glass-walled sections of plants. According to the ElectroData Division of Burroughs Corp., showcasing the computers promotes good customer relations and improves employee morale. A computer in the window, companies believe, implies forward thinking and good customer service. And living in a fishbowl does not adversely affect the efficiency of the computer programmers. In fact, some of them like it! —M.M.



STORAGE "SPACE": *Air pressure is the only support for this storage building at Esso Standard Oil Company, Bayonne, N.J.*

EXECUTIVE BOOKSHELF

Brief Reviews of New Business Books

Making the Best of Bigness

ADMINISTRATIVE VITALITY: THE CONFLICT WITH BUREAUCRACY *by Marshall E. Dimock. Harper & Brothers, 49 East 33rd St., New York 16, 298 pages, $5.*

The author prescribes a blend of "the orderliness of bureaucracy and the resourcefulness of enterprise," plus democratic policy-making, to fire the ambition and free the initiative of big business's managers and employees alike.

Hidden Success Barriers

MEN WHO MANAGE: FUSIONS OF FEELING AND THEORY IN ADMINISTRATION *by Melville Dalton. John Wiley & Sons, Inc., 440 Fourth Ave., New York 16, 318 pages, $6.75.*

A sociologist's undercover investigation of actual plant situations reveals social differences, rivalries, and ambitions as "unofficial" reasons for an executive's career progress or stagnation.

Talking to the Point

THE EXECUTIVE INTERVIEW: A BRIDGE TO PEOPLE *by Benjamin Balinsky and Ruth Burger. Harper & Brothers, 49 East 33rd St., New York 16, 209 pages, $4.*

What every executive should know about using the basic psychological techniques of interviewing in labor relations, employee selection, merit rating, and counseling.

New Voice for Business

MANAGEMENT'S MISSION IN A NEW SOCIETY *by Dan H. Fenn, Jr. McGraw-Hill Book Company, 330 West 42nd St., New York 36, 345 pages, $6.*

How can business regain the influence it has lost to labor, politicians, and intellectuals? Here are the brass-tacks answers 30 top business leaders and social commentators gave at the annual Harvard Business Conference.

Better Foremanship

FOREMEN IN ACTION *by Glenn L. Gardiner. Harper & Brothers, 49 East 33rd St., New York 16, 238 pages, $4.50.*

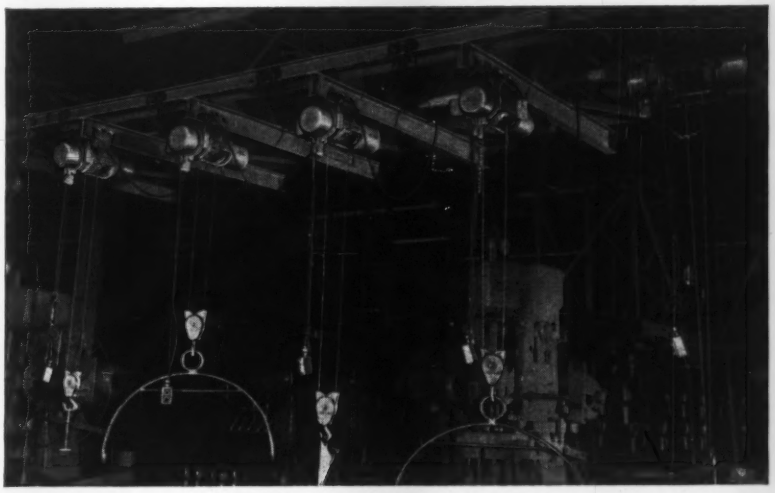
Case studies show how twelve industrial foremen handle such specific plant problems as automation, safety, and morale. Review questions and performance checklists for foremen and student managers are included.

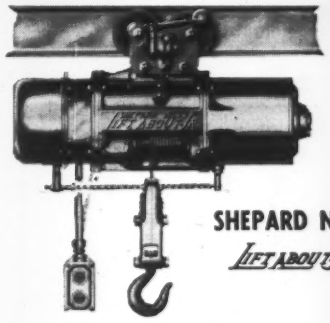
SHEPARD NILES

LIFTABOUT-JR.

EASES WORK

. . . on your production line



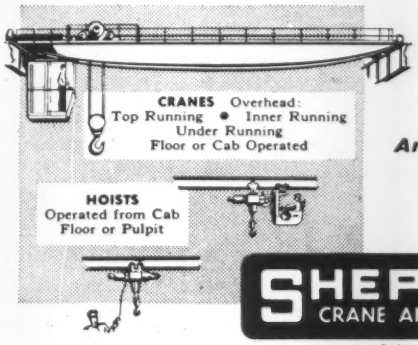


KEEP PRODUCTION on the move

. . . with a Shepard Niles Liftabout-Jr. This husky, light-service hoist does all your back-breaking lifting . . . enables one man or woman to move more material at lower cost.

Low in cost, the Liftabout-Jr. features dependable wire rope hoisting. Available in 250, 500, 1000 or 2000 lb. capacities . . . parallel or cross-mounted with bolt, hook or trolley suspension.

SHEPARD NILES LIFTABOUT-JR.



• Write for latest Liftabout-Jr. Bulletin . . . and ask to have a Shepard Niles representative call.

America's Most Complete Line of Cranes and Hoists Since 1903

SHEPARD NILES CRANE AND HOIST CORPORATION

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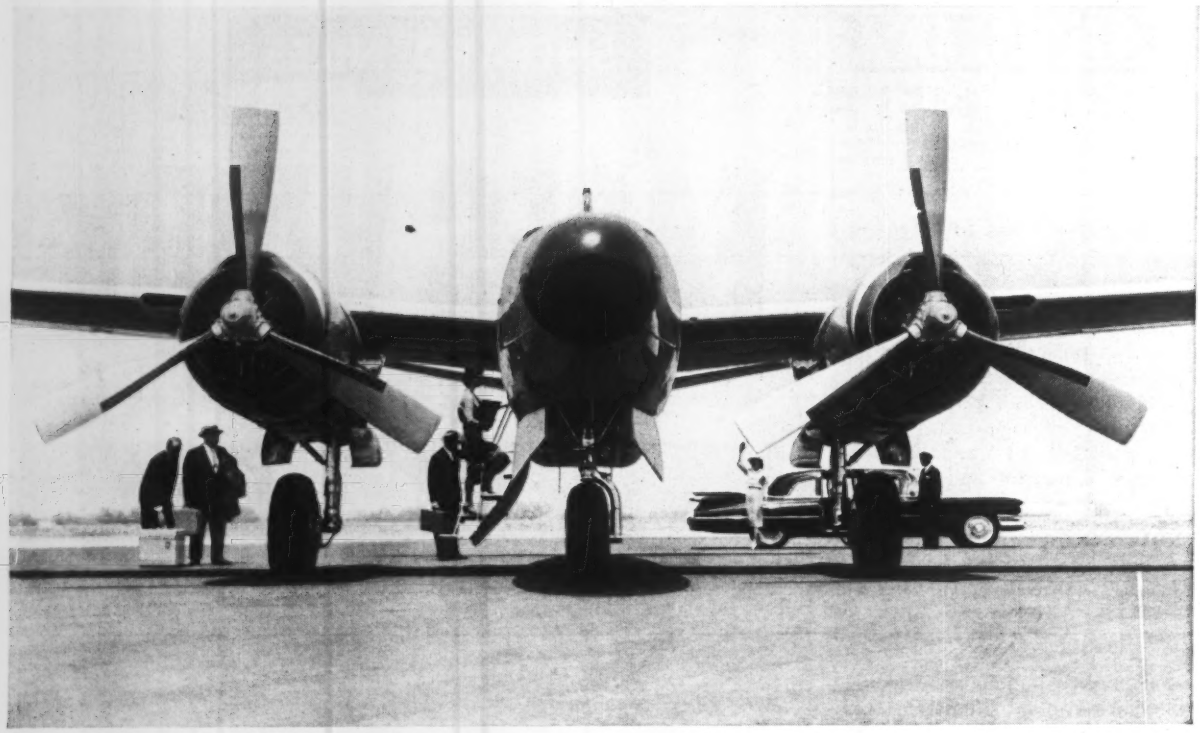


WHICH MARKETEER DO YOU CHOOSE?

Mr. President... Mr. Pilot:

You are *paying* for a MARKETEER—why not *own* one? Do you know that you can now order an ON MARK MARKETEER executive airplane to fit your exact requirements as to cost, speed, range and refinements? Cost may be as low as $80,000 . . . or as high as $400,000 for the *very finest* in corporate aircraft! For example, see all that is included in four specific cost quotations:

MODEL A—A completely remanufactured Douglas B-26, zero timed throughout with Pratt & Whitney R2800-75/79 engines; fuselage with side entrance airstair door and large panorama windows; tip tanks; new 103" long nose; DC-6 wheels and brakes; new style canopies; dual controls with custom instrument panel and glare shield; deluxe seven or eight passenger custom executive interior; exterior finished to your specification; fully certificated, ready for operational use; excluding electronics; trades accepted..... **Price: $225,000**

MODEL B—A remanufactured B-26 with R2800-75/79 engines averaging 350 hours per engine; same configuration and features as Model A but with standard executive interior; fully certificated, ready for operational use; excluding electronics; trades accepted..... **Price: $150,000**

MODEL C—A remanufactured B-26 with R2800-75/79 engines averaging 350 hours per engine; same configuration and features as Model A excluding interior and exterior finish, heater, DC-6 wheels and brakes and electronics; no trades; fully certificated, ready for fly-away..... **Price: $100,000**

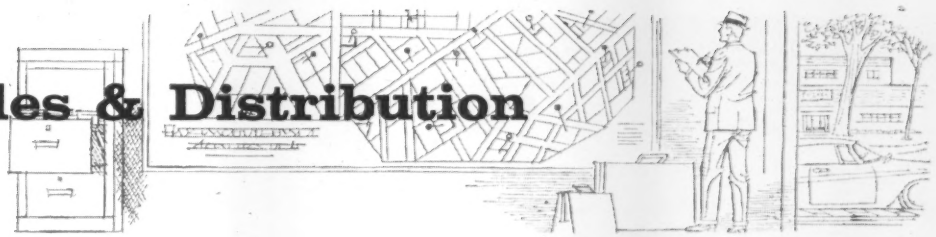
MODEL D—A remanufactured B-26 with R2800-75/79 engines averaging 350 hours per engine; same configuration and features as Model A excluding interior and exterior finish, heater, DC-6 wheels and brakes, electronics, side entrance airstair door (Model D has bottom entrance door); no trades; fully certificated, ready for fly-away. **Price: $80,000**

Let us discuss your exact needs. Prices of electronics, radio, and other optional equipment will be quoted upon request. Fixed base operators should investigate the profit possibilities in finishing a Model C or Model D MARKETEER *to the exact specifications of local corporate aircraft customers. Write for our illustrated brochure: please address*
Robert O. Denny, President,

ON MARK *Engineering Company*

7929 Hayvenhurst Avenue, Van Nuys, California • Telephone TRiangle 3-1030 • Cable address: ONMARK

WORLD'S MOST EXPERIENCED CORPORATE AIRCRAFT DESIGNERS AND ENGINEERS REMANUFACTURING DOUGLAS B-26 AIRPLANES



Sales & Distribution

For Traveling Salesmen

Today's salesmen ride in comfort and style

They're wild about pink in Paducah

Higher factory wages buy fancier foods

Tough tests for new product durability

The typical salesman's car has come a long way during the past decade. Spartan, stripped-down two-door, two-seater coupes have been almost completely replaced by well-equipped sedans and station wagons.

A new survey of 322 companies (employing 78,000 salesmen) by the National Industrial Conference Board shows that two- and four-door sedans are the most popular models today. Station wagons are coming into increased popularity, but they are still most frequently used by salesmen who carry bulky items.

Since special equipment can add substantially to the cost of salesmen's cars, it poses a special problem for management. Virtually all of the surveyed companies provide heaters, and about 70 per cent add automatic transmissions. In about half of the cars, radios are standard equipment.

Some of the surveyed companies award optional equipment to salesmen in proportion to years of service. (Seniority sometimes brings more expensive makes of cars as well.) In other cases, optional equipment not provided by the company may be added at low cost by the salesmen.

Power steering is provided at no cost to the salesmen in only about 7 per cent of the surveyed companies, and air-conditioning in 17 per cent.

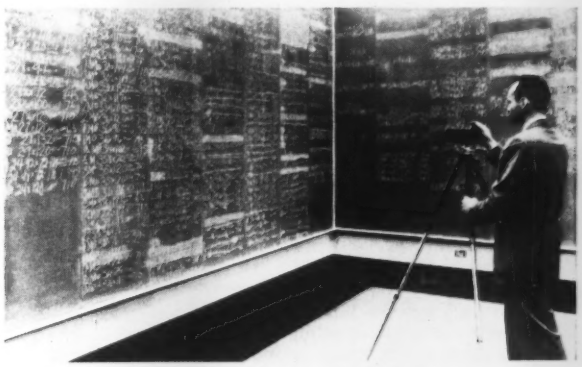
E. I. du Pont de Nemours & Company, Wilmington, Del., reports that a detailed performance study of its 400 salesmen who are provided with air-conditioned cars shows that sales efficiency rises as driving temperature drops. The company began assigning air-conditioned cars to salesmen back in 1955. Already one-third of its fleet of 1,200 cars have this equipment.

Although nearly 90 per cent of the air-conditioned cars are in the South and Southwest, the company says that the benefits of air conditioning more than justify the cost in more temperate regions. Ninety-two per cent of the surveyed salesmen are convinced they do a better selling job because of lowered fatigue, improved appearance, and greater alertness.

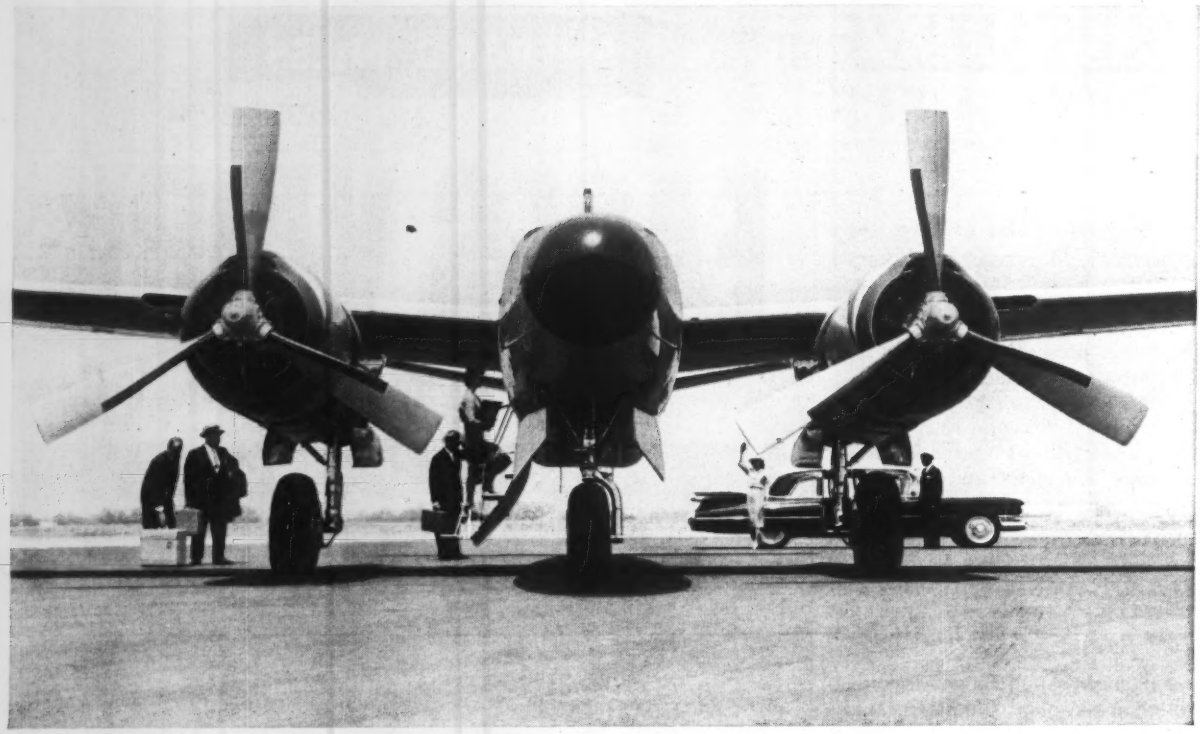
The company is doubly happy about the results of the survey, for

The Camera Helps Out in Selling

SHOOTING DISPLAYS: *In a fresh variation of the traditional call report, salesman John Ketterer of H.C. Boerner Company, food brokers, photographs a supermarket frozen-food counter to let his clients see exactly the prominence their products get.*



SHOOTING RECORDS: *Every Friday, the inventory control board at Rolled Steel Corp., Skokie, Ill., is photographed so that salesmen have prints early Monday morning. This system has cut down on expensive phone calls, gets information to the salesmen faster.*



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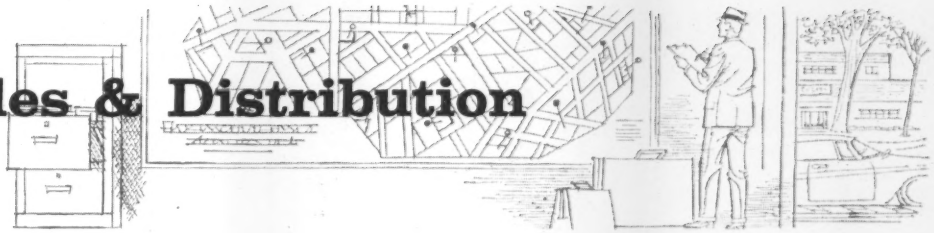

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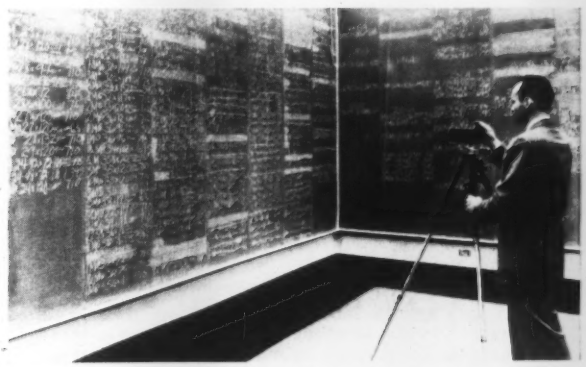

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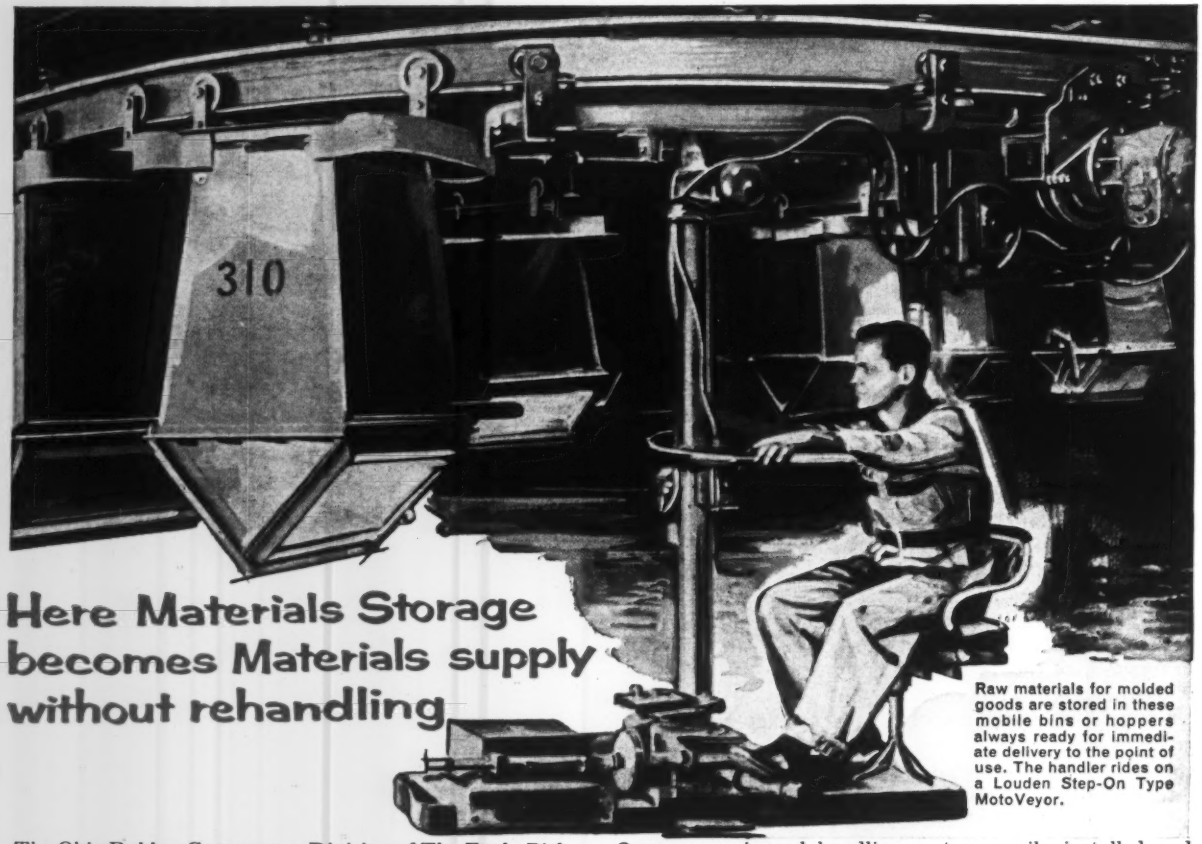


Here Materials Storage becomes Materials supply without rehandling

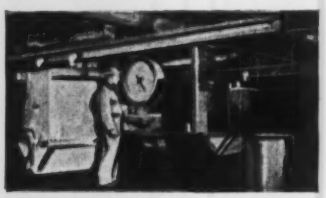
Raw materials for molded goods are stored in these mobile bins or hoppers always ready for immediate delivery to the point of use. The handler rides on a Louden Step-On Type MotoVeyor.

The Ohio Rubber Company, a Division of The Eagle-Picher Company, uses Louden Monorail throughout their molded rubber goods plant at Willoughby, Ohio. One application of unusual interest and cost-saving effectiveness is the Materials Storage Department. This department not only uses but really consists of 2,500 feet of Louden Monorail track. Materials stocked for processing are here stored in mobile hoppers suspended from the trackage in this 90′ x 260′ indoor "monorail railroad yard." Loaded hoppers forming "trains" are made up to supply various materials as required. A Louden MotoVeyor moves them to whatever place the materials are needed, hoppers are dumped automatically, and materials fall directly into mixers on the floor below.

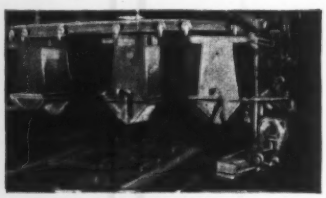
This is just one of the many handling problems that have been solved by Louden engineers. No other handling system permits such a wide diversity of uses as does Monorail. Over one universal handling system, easily installed and easily enlarged as occasion demands, your product can be handled from raw material to the wrapped package without one interruption to the smooth, even flow of production. Handling never becomes rehandling with Monorail.

When you have a materials handling problem or plant problem involving lifting and transporting loads, call on Louden for suggestions. Louden's unparalleled experience and proven engineering leadership combined with Louden's broad line of equipment can save time and mistakes. Write or wire today.

THE LOUDEN MACHINERY COMPANY
94.8 Broadway, Fairfield, Iowa
A Subsidiary of Mechanical Handling Systems Inc.

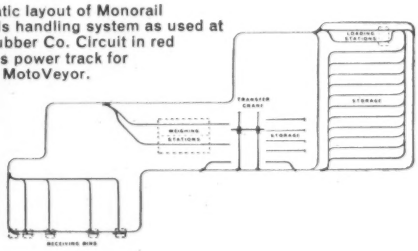


All loaded hoppers are weighed, marked as to contents and ticketed. This ticket provides both automatic inventory control and data for payroll computations.



Material is delivered directly from storage and automatically dumped into receiving bins feeding the mixers on the floor below.

Schematic layout of Monorail materials handling system as used at Ohio Rubber Co. Circuit in red indicates power track for Louden MotoVeyor.



NEW . . . get the latest information on the best in modern materials handling methods. Full of how-to-do-it ideas . . . industry by industry. Write today for your copy of "COST-CUTTING WITH MONORAIL AND CRANES."

Louden
MONORAIL & CRANES
SINCE 1867...THE FIRST NAME IN MATERIALS HANDLING

among the many products bearing the Du Pont label is Freon, an air conditioning refrigerant.

Brightening Up the Product

More and more manufacturers have become color-conscious. Product lines that traditionally were available in one, or at most two, unexciting hues —e.g., camping equipment, which until recently was generally either olive drab or field-mouse gray—have burst forth like a fireworks display.

Manufacturers of a long line of products including office typewriters, home appliances, light bulbs, outboard motors, and even clothes pins and pistols find that gay colors can bring their products out of the shadows and into the selling spotlight. Even the traditional "white sales" are being revolutionized—25 per cent of all sheets sold today are colored.

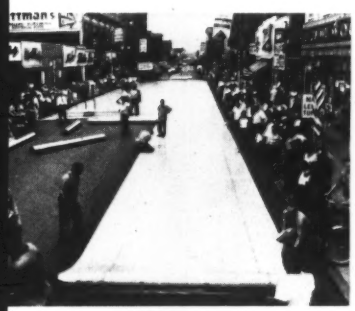
Marketers of eggs have long been aware of the regional color preferences: consumers pay a premium for brown eggs in Boston and for white eggs in New York. As markets move to the Southwest and Pacific Coast, sales chiefs can no longer assume that a particular color or design will sell equally well in these areas.

The diversity of regional color preferences is pointed up by a new survey by the Rockcote Paint Company, Rockford, Ill. After analyzing consumer choices in paints for both interior and exterior home use, the company produced a detailed report that shows the twelve most popular shades nationally, as well as the six top-selling shades in each of eight regional markets.

The current report shows that only one of the twelve national best-selling shades—medium pink—ranks first in more than one region. In two of the regions, the Midwest and the East, the top-selling shades are not even among the twelve national leaders. And in six of the eight regions, no more than four of the leading shades are also national best-sellers.

During the past six months, beiges were purchased more frequently than any other shades. Mauve emerged strongly, with two shades among the

Torture Tests for Products



FOR HEAVY TRAFFIC: *As part of the 275th anniversary celebration of Perth Amboy, N.J., the Sandura Company put down 2,000 square yards of Sandran linoleum for 10,000 paraders and a 50-ton tank. A million people are expected to walk on the linoleum.*

TOUGH RUG: *The U.S. Testing Company of Hoboken, N.J., picked a New York ferry slip to run a test on this rug. Turnstiles give an exact count of the number of people walking over the carpeting.*

FOR MANAGEMENT DEVELOPMENT

—Dun's Review and Modern Industry

An easy way to promote the development of managers equal to the demands of the Soaring 'Sixties is to expose the promising young men to Dun's Review and Modern Industry.

Here they gain insight on trends in major areas of management concern—production, industrial relations, marketing, general management, financial management, office management. They learn what recession-toughened executives are doing to cut costs, increase income, manage better. They acquire management knowledge years earlier than you'd expect.

Hundreds of companies now subscribe for men in their executive training program. Many send it to their employees' homes where reading time does not come out of the busy work day.

If you choose to encourage in this way the development of tomorrow's managers in *your* company, there is no more economical time to do it than now. In contrast to the regular $5 rate, this special annual rate is now effective:

3 or more subscriptions ordered at the same time only $3.35 each

These rates apply to U. S. A., Possessions and Canada. Elsewhere double.

To order simply send the names, addresses, and titles on your company letterhead. We will bill your company.

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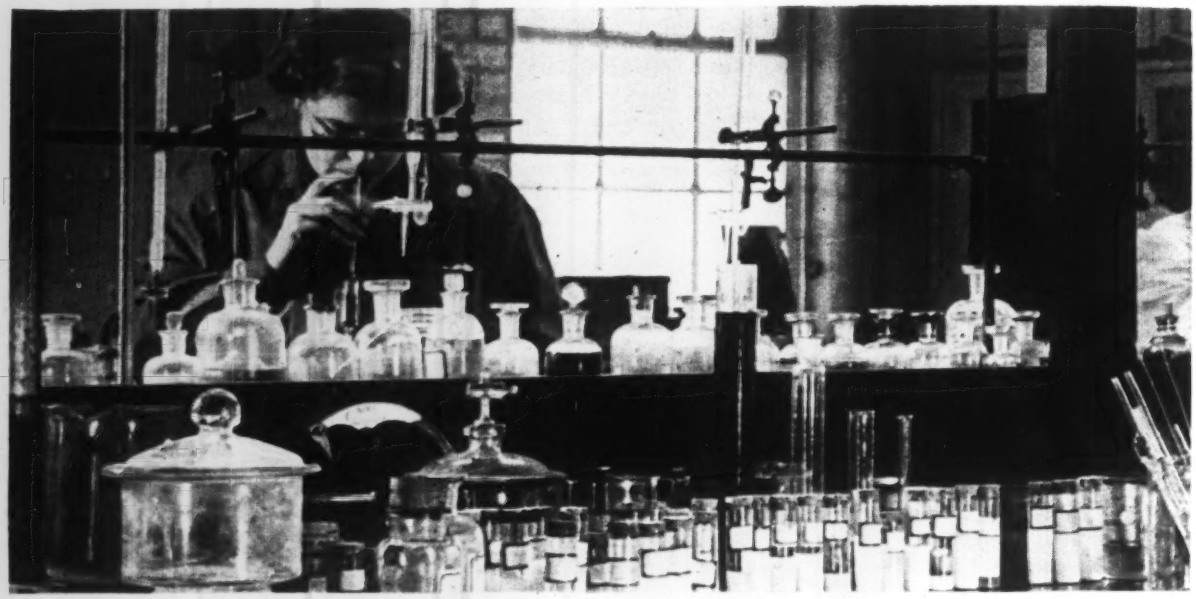
THE U. S. TREASURY SALUTES THE CHEMICAL INDUSTRY



—and its people who buy Savings Bonds and strengthen America's Peace Power

Every family and every industry in this country benefit, directly and indirectly, from the work of our great chemical industry. Those whose lifework is in chemistry may well take pride in the vast good that stems from their profession. Thousands upon thousands of people in the chemical field are proud, too, of their share in America's Peace Power, for they are making regular purchases of U.S. Savings Bonds.

Buying Shares in America through the Payroll Savings Plan is a convenient and systematic way to practice thrift. It helps these patriotic people enhance their resources for home building, for education and for greater security after retirement.

If your company has not yet installed a Payroll Savings Plan, start at once. The easy first step is to telephone your State Savings Bond Director for the help he will give you, gladly. Or write to Savings Bonds Division, U.S. Treasury Department, Washington 25, D. C.

JAMES C. VICKERS is pictured here practicing his highly specialized skills in one of our country's great chemical plants. Mr. Vickers is typical of the thousands of expert workers in this field who are buying U.S. Savings Bonds regularly. Mr. Vickers uses his company Payroll Savings Plan to make regular contributions to the Peace Power of his country.

FIRST ON A FIRST: *American Machine & Foundry Vice President David S. Meiklejohn (right) waits for the first airline ticket to come off the new Teleticketing machine, which will deliver tickets to the purchaser in his own office after a simple phone call.*

top twelve, and was among the six leaders in every region but one.

Beige and yellow have their strongest hold in the Western States. Eastward from the Midwest pinks edge out yellows, blue-greens replace beige, and blue shades appear increasingly. Here and there a strong local preference appears for one shade—as the Midwest's liking for gold.

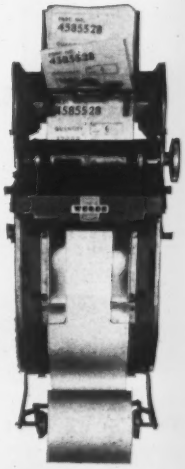
Higher Off the Hog

Despite inflation, the average factory worker budgets less of his pay for food than in 1952, says the Grocery Manufacturers of America. After analyzing data from the U.S. Departments of Agriculture and Labor, this trade association concludes that the factory worker works 22 per cent fewer hours today to provide his family with the Government's standard monthly food basket. In 1952 he put in 51 hours a month, but today it's slightly less than 40 hours.

The explanation is that although food prices have certainly risen since 1952, production workers' hourly earnings have increased faster. Of course, the grocery group points out, spending habits have changed since then—more is spent on relatively expensive frozen foods—so gains in the food budget are not so evident to the budgeter as to the statistician.

However, the lesson for manufacturers is clear: There are a lot more consumers with extra money to spend on products and services other than the family larder. —T. K.

STOP BUYING LABELS Print your own—as you need them!



Weber Label Printing Machine produces product identification or content labels when, where and as they are required. Cuts costs, eliminates label inventory problems!

No matter what volume or assortment of labels you use—shipping, product identification, carton content, box end, etc. — a portable Weber Label Printing Machine in your office or plant saves money, time and effort. Compact, typewriter size — this fully automatic machine prints, counts, cuts to the size desired, and stacks labels at the rate of 105 per minute.

With a Weber Label Printer you no longer need to buy, store and inventory large quantities of labels. It enables you to print your own as you need them. You get control and complete flexibility—print shipping labels one minute, product identification or packing slips the next. The Weber Label Printer can be adjusted in seconds to satisfy all your requirements for different sizes and varieties of labels for use in shipping, production, packing, inspection or for other departments. Prints from either a stencil or rubber mat on practically any roll stock—gummed, ungummed, linen or pressure sensitive. For more detailed information on the various Weber Label Printers, mail the coupon below.

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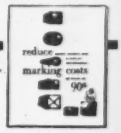
MARKING SYSTEMS
Sales and Service in all principal cities



WEBER MARKING SYSTEMS, INC.
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Mount Prospect, Illinois

Please send me complete data on Weber Label Printing Machines.

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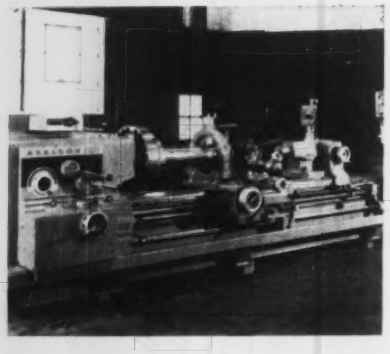
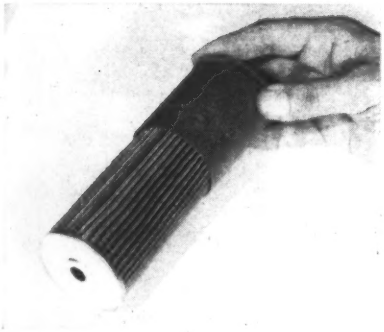
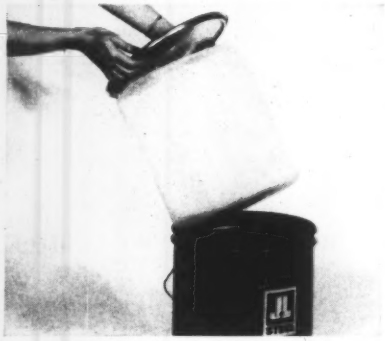
New Product Parade



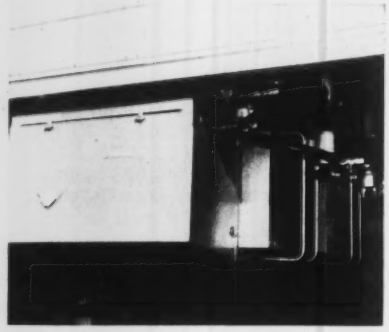
MODULAR LATHE: Designed for work on new, tougher alloys, this lathe has welded steel construction to give it greater rigidity during tooling. Headstock is built as a separate unit, can be added to any size bed. *"Clearing-Axelson Blue Chip Lathe," Clearing Division of U.S. Industries, Inc., 6499 West 65th St., Chicago 38.*



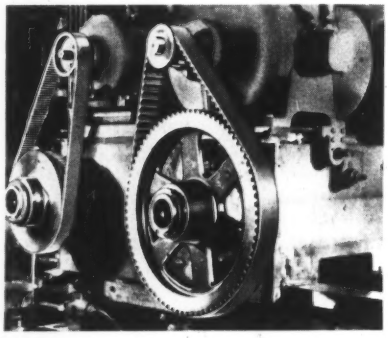
FANCY PAIL: The plastic liner makes this shipping container safe for transporting corrosive and explosive liquids. Available in 5-gallon size, pail and liner weigh less than returnable containers and so cut shipping costs. *"JaLiner," Jones & Laughlin Steel Corp., 3 Gateway Center, Pittsburgh 30.*



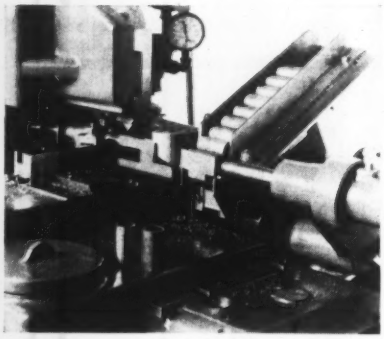
BIG TALK: Amplifying speeches at company meetings is simplified with this portable lectern weighing only 35 pounds. Featuring all-transistor construction, the unit operates either from an external power source or with internal batteries. The neck microphone also attaches to the stand. *"Lectronic Lectern," Radio Corporation of America, Camden 2, N.J.*



TRAILER COOLER: Refrigerating unit that fits under a truck-trailer body derives its power from a live axle while the truck is in motion or from an internal electric motor when the truck is stopped. Special Timken-Detroit axles are needed. *Kold-Hold Division, Tranter Manufacturing, Inc., Lansing 9, Mich.*



AUTOMATIC FEEDER: Bushings sliding down the feeder chute drop into a loader cradle that automatically feeds them to the lathe for facing. A stripper kicks the finished bushing into an unloading chute. The injector-type loader can handle up to 550 bushings an hour. *Seneca Falls Machine Company, 18 Fyfe Building, Seneca Falls, N.Y.*

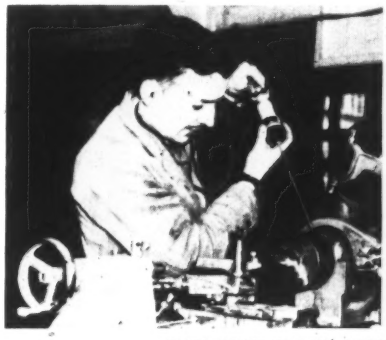


INDUSTRIAL HEARTBEAT: Imported from Belgium, this 3.5-pound industrial stethoscope is said to detect effectively leakage of air, gas, and liquids, as well as mechanical defects. The instrument is non-electric, eliminating sound distortion from a power source. *"Airsonic," M. Paquet & Co., Inc., 17 Battery Place, New York 4.*

» *Brief reports on items of interest to industry, including a new concept in lathe design, packaging for corrosive liquids, simplified catwalks, and more ductile molybdenum.*

AIR LINE FILTER: Pleated, cellulose cylinder impregnated with phenolic resin removes water, oil, and dirt from air lines leading to air gages to ensure proper gage functioning. Filter housing will withstand line pressures up to 125 psi. *"Micropleat No. 571000," Bendix Filter Division, Bendix Aviation Corp., 434 West 12 Mile Road, Madison Heights, Mich.*

NO FRICTION: Thin timing belt drive made of steel cords embedded in neoprene does not depend on friction, thus eliminating high initial tension and heat build-up. The belt drive makes speeds up to 16,000 feet per minute possible. *"Time-Tex," Allis-Chalmers, Milwaukee 1, Wis.*



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H129—Era of the Dishonest Dollar, *Alfred G. Larke.* Employee dishonesty brightens the day of no business. Here's what's being done to detect wrong-doing and to prevent it altogether.

H130—When a Company Sells Out, *Edward R. Bagley.* Someday you may decide to "split-off" a division or discuss the selling of the business. Pitfalls to be avoided and advantages to be sought are discussed by an expert.

H131—Planning to Buy a Business? *Edward R. Bagley.* Size alone does not guarantee strength. Here are yardsticks to test the overall soundness of a company acquisition program.

H132—Aiming for the Top, *William B. Given, Jr.* No management training can guarantee to turn out leaders, no development programs can assure a steady stream of executives. All they can do is help the man who wants to help himself. A number of do-it-yourself suggestions here may help *you* get ahead faster.

H133—Industry's War on Wear, *Melvin Mandell.* Battling machine wear is no longer the exclusive province of the lowly grease monkey. Today, to protect its investments in costlier and more complex production equipment, top management is getting into the maintenance act. Here's how. A valuable management check list helps you focus on *your* wear problems.

H134—Politics: Business Tries Its Hand, *Faye Henle.* Can business remain aloof as political forces threaten its interests and freedom of operations? The question worries a growing number of companies. Here's how they fight back with hard-hitting political action programs.

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8-59

NEW PRODUCT PARADE, *continued*

BETTER TUBING: A new titanium alloy is used to make small tubing that retains enough ductility to be cold-drawn and still has a strength approaching that of stainless steel. Annealed tubing will take up to 35 per cent cold-flaring without cracking. After heat treatment, minimum yield strength is 100,000 psi. *"3 Al-2.5 V," Superior Tube Company, 1532 Germantown Ave., Norristown, Pa.*

•

HOT BOX: Resistance furnace designed for laboratory use operates up to 5,000° F but is said to cost only one-third as much as comparable units. The furnace uses a graphite heating element and carbon insulation, with an inert gas for interior atmosphere. *Santa Barbara Division, Curtiss-Wright Corp., P.O. Box 689, Santa Barbara, Calif.*

•

DUCTILE: Pure molybdenum metal sheet is said to have as much as five times the room-temperature ductility of ordinary product, eliminating the need for high temperatures in working the metal. The new sheet also has less tendency to delaminate on punching, stamping, and shearing. *"HD Molybdenum Sheet," General Electric Company, Nela Park, Cleveland 12, Ohio.*

•

STACK 'EM UP: Occupying less than 80 square feet, an automatic pallet-loader is said to cost less than half as much as other such machines. The unit can be hooked into existing production lines. A taping machine applies pressure-sensitive tape to the top layer of cartons. *Lathrop-Paulson Company, 2459 West 48th St., Chicago 32.*

•

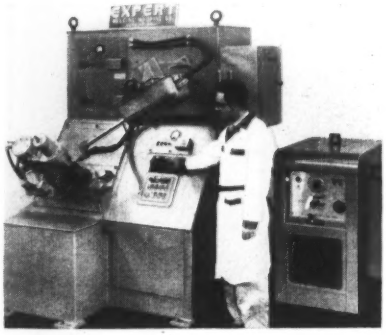
WALKWAY GRATING: Extruded aluminum grating snap-locks into place, needs no welding. Suitable for all types of pedestrian walkways, it offers corrosion resistance and freedom from slippage and sparking. *"Extrud-Lock," Read Standard Division, Capitol Products Corp., York, Pa.*

•

POWER BOOSTER: Fuel supplement added to gasoline breaks up the normally unconsumed masses and cuts down on the sulfuric acid flowing through the engine and exhaust system. This is said to increase gasoline mileage while reducing engine wear. *"Powertane," Powertane Corporation of America, Suite 1700, 75 East Wacker Drive, Chicago, 1.*

RUBBER BUMPER: Lighter-weight rubber dunnage bags are now made in one piece of 13-ounce ballistic nylon with reinforced seams. The material also gives better scuff resistance. Pressure of 3 pounds psi is said to be adequate to maintain position of a 50,000-pound total load. *"Brace-Fast," New York Rubber Corp., 100 Park Ave., New York 17.*

CIRCULAR WELDER: Using concepts and general specifications of Linde Company's Heliarc process, this automatic circumferential welder is said to have produced parts at costs below deep-drawn assemblies. A companion longitudinal seam welder is also available. *Expert Welding Machine Company, 17144 Mt. Elliott Ave., Detroit 12.*



BETTER STEEL: Addition of a vanadium-boron alloy to rimmed steel gives cold-rolled sheet an ability to resist aging. Thus, the steel will maintain its ductility even after weeks of storage. Only about a pound of alloy per ton of steel is needed. Use of the alloy is cheaper than using just vanadium and gives more stability than a ferro-boron additive. *Vanadium Corporation of America, 420 Lexington Ave., New York 17.*

•

QUICK DRILLERS: Said to feed standard twist drill into steel at ten times the conventional rate, drilling machines feature new design in the drill spindle. Accuracy of drilling size and length of tool life are maintained despite increased speeds. The welding table can be equipped with a numerical positioning system to do away with jigs and fixtures. *"Hill-Drills," Walter P. Hill, Inc., 22183 Telegraph Road, Detroit 19.*

•

VERSATILE ACID: New acid with a high boiling point is soluble in organic solvents but not in water and will react to form salts, esters, amides, amines, and so on. Some suggested uses: driers for varnishes and enamels, boiler feed-water defoamers, synthetic lubricants for jet fuels, and corrosion inhibitors. *"Iso-decanoic acid (mixed isomers)," Union Carbide Chemicals Company, 30 East 42nd St., New York 17.*

•

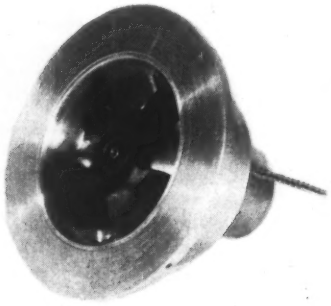
STORAGE UNIT KIT: Small offices looking for some way to keep old but important records will be pleased with a kit that features a three-shelf steel rack and nine file boxes. Each box will hold 15 inches of letter-size filing. Add-on units are also available. *"Bonus Storage Unit," Bankers Box Company, Franklin Park, Ill.*

•

PLASTIC STRENGTHENER: New chemical stabilizes polyethylene resins to give effective resistance to sunlight. This means treated polyethylene will stay strong, flexible, and extensible longer than untreated material. Both branched and linear polyethylenes benefit. *"Ferro AM 101," Ferro Corp., 4150 East 56th St., Cleveland 5, Ohio.*

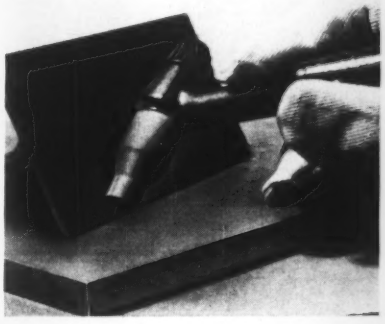
•

MIGHTY ADHESIVE: Repair fluid hardens to iron-like strength and will effectively repair such items as broken castings and worn valves. *"Cycleweld Liquid Iron," Cycleweld Chemical Products Division, Chrysler Corp., Detroit 31.* —R.P.



TINY FAN: Miniaturized fan measures less than 2 inches in diameter and 2 inches in length. Powered by a 28-volt DC motor, the fan produces 45 cfm of air at 17,000 rpm, was designed for electronic and avionic applications. *"Model F2-17," Electro Products Division, Western Gear Corp., 132 West Colorado Blvd., Pasadena, Calif.*

TINY WELDER: Miniaturized holder designed for use with the Heliweld process is rated at 350 amperes DC straight polarity and 300 amperes AC. It has a water-cooling system which minimizes leakage and requires no "O" rings. *"H35-B Heliweld Manual Holder," Air Reduction Sales Company, 150 East 42nd St., New York 17.*



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78 Branches in Greater New York

78 Overseas Branches, Offices and Affiliates

Statement of Condition as of June 30, 1959

ASSETS

Cash and Due from Banks	$1,781,904,990
United States Government Obligations	1,226,842,463
State and Municipal Securities	491,200,554
Other Securities	102,204,164
Loans	4,078,243,244
Customers' Acceptance Liability	85,191,570
Federal Reserve Bank Stock	18,600,000
International Banking Corporation	7,000,000
Bank Premises, Furniture and Equipment	46,327,774
Items in Transit with Overseas Branches	20,260,007
Other Assets	13,360,143
Total	$7,871,134,909

LIABILITIES

Deposits		$6,966,148,289
Liability on Acceptances and Bills		88,029,746
Foreign Funds Borrowed		8,525,700
Reserves:		
Unearned Income		35,908,532
Taxes and Accrued Expenses		44,856,868
Dividend		8,280,000
Shareholders' Equity:		
Capital (*12,000,000 Shares—$20 Par*)	$240,000,000	
Surplus	380,000,000	
Undivided Profits	99,385,774	719,385,774
Total		$7,871,134,909

Figures of Overseas Branches are as of June 23.

$528,768,362 of United States Government Obligations and $12,622,250 of other assets are pledged to secure Public and Trust Deposits and for other purposes required or permitted by law.

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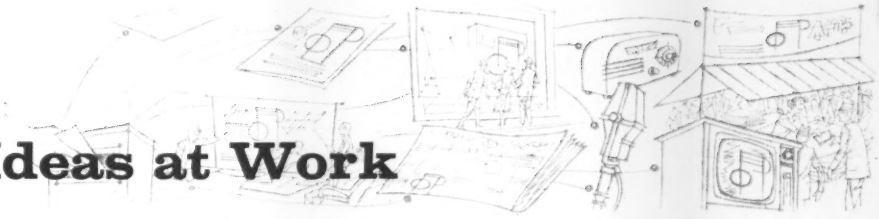


Ideas at Work

- *Middle management lets off steam*
- *Exhibit traces industrial progress, shows off products*
- *Too many cafeteria gripes? Organize the gripers!*
- *Presents for New Year's babies: company stock*

Frankly Speaking

Top management at North American Van Lines has found a painless and effective way to get uninhibited expressions of middle-management thinking on its company policies.

It all started, surprisingly, with classes North American set up at its Fort Wayne, Ind., headquarters to train its department heads to write clearer, more concise letters and reports. Out of these classes, conducted by Prof. Sylvia Bowman of Indiana University, grew a management training course and, finally, graduate study groups for those who have completed the course.

The study material used in the classes for advanced students consists of hypothetical case histories. These are case studies of situations similar to those that have been experienced by North American but remote enough to evoke completely frank comments by the department heads.

The men criticize management's handling of these top-level problems and offer alternate solutions. Written transcripts of the sessions are prepared for the perusal of the company president and his staff, but the men taking part in the discussions are not identified.

The study sessions now have given way to breakfast meetings held monthly at the plant. The president and top management team give reports on new company developments at the beginning of each session, then leave so that the managers can continue their no-holds-barred exchange.

To give the participants experience in group leadership, each session is prepared and conducted by the various department heads, under the supervision of Dr. Bowman.

The results have been gratifying to all concerned. Top management gets the benefit of middle-management thinking on a regular, systematic basis and in a minimum amount of time. And the department heads get an excellent opportunity to blow off steam and criticize major policy decisions without fear of endangering their careers.

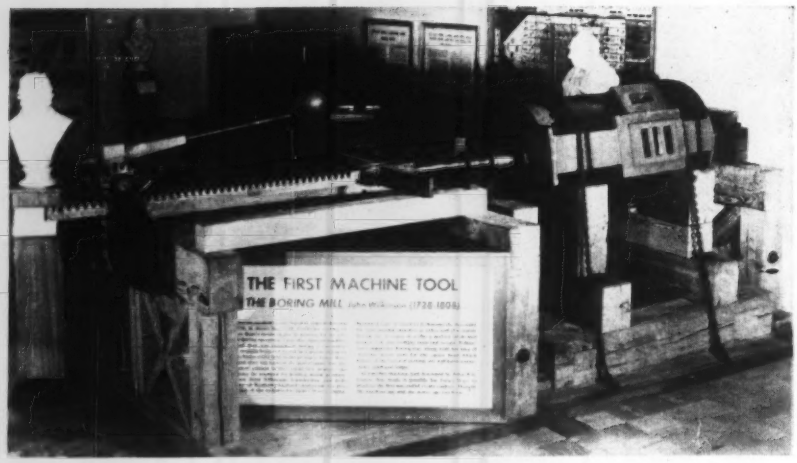
Industrial Showcase

The personal hobby of a machine tool company executive has expanded into a novel and effective community and customer relations endeavor.

Leighton A. Wilkie, chairman of the board of the DoAll Company, Des Plaines, Ill., for years has been collecting early machines and tools. When he was able two years ago to buy the original James Watt steam engine, he decided to put the machines on permanent exhibit where they could be viewed by the public.

Housed in the recently dedicated "Hall of Progress," which DoAll financed, are many authentic, histori-

REAR GUARD ACTION: *When vacation-bound Maytag Company employees take to the road this summer they will help publicize the company and its plant city, Newton, Iowa, by attaching to their automobiles the colorful rear bumper posters distributed by the company. A survey shows that Maytag workers will carry the company's message to at least 42 states, plus Canada and Mexico, while the plant is shut down for the vacation period.*



cally significant inventions, including the Watt engine and a full-scale reproduction of the first machine tool, a boring mill developed in 1775 by an Englishman, John Wilkinson, to bore accurate cylinders for Watt's steam engine (see photo).

A total of 24 full-size or scale models of important inventions are on display along with descriptive charts depicting various stages of the Industrial Revolution. The latest DoAll machine tools are demonstrated in a test laboratory which is part of the exhibit and which provides an ideal showcase for the company's products.

Cafeteria Kibitzers

Griping about company cafeteria service is a time-honored custom among American workers. Rather than content itself with the thought that "you can't please all of the people all of the time," one company has found a way to capitalize on this constant criticism.

At Abbott Laboratories, North Chicago, Ill., a Cafeteria Comments Committee made up of twelve men and women from various plant departments meets with company and cafeteria managers regularly once a month to report the comments, suggestions, and criticisms which they have solicited from their coworkers.

These reports, plus written comments received on "Kafeteria Katy" forms (available at the regular suggestion boxes), are thoroughly discussed and investigated.

The suggestions may deal with any phase of cafeteria operation, from a request that squash be served more often to a comment that napkins are difficult to remove from holders. Free lunch tickets and cash prizes are awarded for suggestions used.

Committee members in cooperation with the cafeteria staff also inspect the facilities at regular but unannounced times to make sure that sanitary practices are in effect.

No Time Lost

How often do your employees return late from their lunch hours with the excuse that they had to get a driver's license or some other legal document that requires a daytime visit to City Hall?

The National Cash Register Company has eliminated this back-to-work bottleneck by getting permission from the state to allow the chief clerk at the company's main office in Dayton, Ohio, to issue automobile licenses and license transfers, driver's licenses and duplicates, temporary driving permits, and fishing and hunting licenses to National Cash Register employees. Marriage licenses, however, must still be obtained through regular channels.

Long-Service Luncheons

Have poor turnouts spoiled your company's efforts to honor long-time employees at an annual dinner?

The Chase Manhattan Bank of New York took a look at the increasing number of "regret I cannot attend" responses to its dinner invitations and decided on a new plan to salute workers with 25 years of service. Small groups of the employees now are invited to have lunch with senior management at Chase Manhattan's main office.

Bonus Babies

The Minnesota Mining and Manufacturing Company thinks a good way to encourage employees to become stockholders in the company is to present stock certificates to employees' children who are born each year on New Year's Day.

A share of common stock worth about $120 is issued to New Year's babies whose fathers work in 3M plants. Children born to women on maternity leave are not eligible unless the fathers also are on the company payroll. In case of multiple births, each twin or triplet is entitled to a share of stock.

The plan was originally devised as a means of providing feature material for the company's employee publications. Stories and pictures of the new "bonus babies" are given prominent play in the plant house organs.

Only a few employees have benefited directly through the gifts to their children, but through stock ownership as "guardians" they have become familiar with the company's common stock, the dividends it pays, and the type of information that is provided for stockholders.

Company management believes that employee stockholders can serve as buffers against the harmful scuttlebutt that sometimes circulates about company profits and stock policies.

Skyborne Service

Fast, efficient service available round-the-clock is an important selling point in today's competitive market.

To make sure that its field engineers can respond immediately to a customer's call for quick emergency service, Rowe Manufacturing Company, pioneer vending machine manufacturer, maintains an "air arm" of one plane based at Atlanta, Ga.

The single-engine plane has carried Rowe repair specialists on flights as long as 1,500 miles to service vending machines across the country and even overseas.

Back to the Soil

Here's a new seasonal "fringe." Garden plots for summer rental are available to employees of the Dow Chemical Company's plant at Midland, Mich. Employees pay the company a $6 fee to cover the cost of plowing, disking, fertilizing, and dragging each 50-by-40-foot plot. —C.K.

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We have to meet competition on a quality, price, and service basis with something new, something better, and not always something cheaper. Despite the heavy import of small foreign cars, we export more standard American models because there is a demand for them all over the world. To engage successfully in overseas trading, the American business man must have specific and current trading information on all countries, for each country is a separate sales target, calling for a keen professional eye.

The Inner Vision

Some years ago, when the Editor conducted a radio program over the Mutual Network, he interviewed a blind professor of English literature. During the program, a severe thunderstorm knocked out the studio lighting system without affecting the broadcast. The blind man was reading selections of prose and poetry from his Braille volume while studio technicians and announcers stumbled around in the abysmal darkness, falling over stools and tripping over wires. After about ten minutes the lights came on, and the professor continued his readings from Braille to the end of the broadcast period. When we signed off, he asked, "What was all the excitement about?" I told him what had happened when the lights suddenly went out during the storm: "You with your Braille book were the only one who could see."

Sometimes it takes extraordinary circumstances to teach us humility in our evaluation of men's strengths and weaknesses. In this day of growing business complexity, we are all aware of the need for smooth-running cogs in the machinery of administration. But power failures can and do still happen, and it is in the moments of crisis that the man with an inner view may unexpectedly prove his worth.

In Praise of Busybodies

No man can mind his own business today without minding someone else's business. That is the nature of our gregarious society, and this overlapping of responsibility is part of the job of being civilized in a reasonably free economic period in our history.

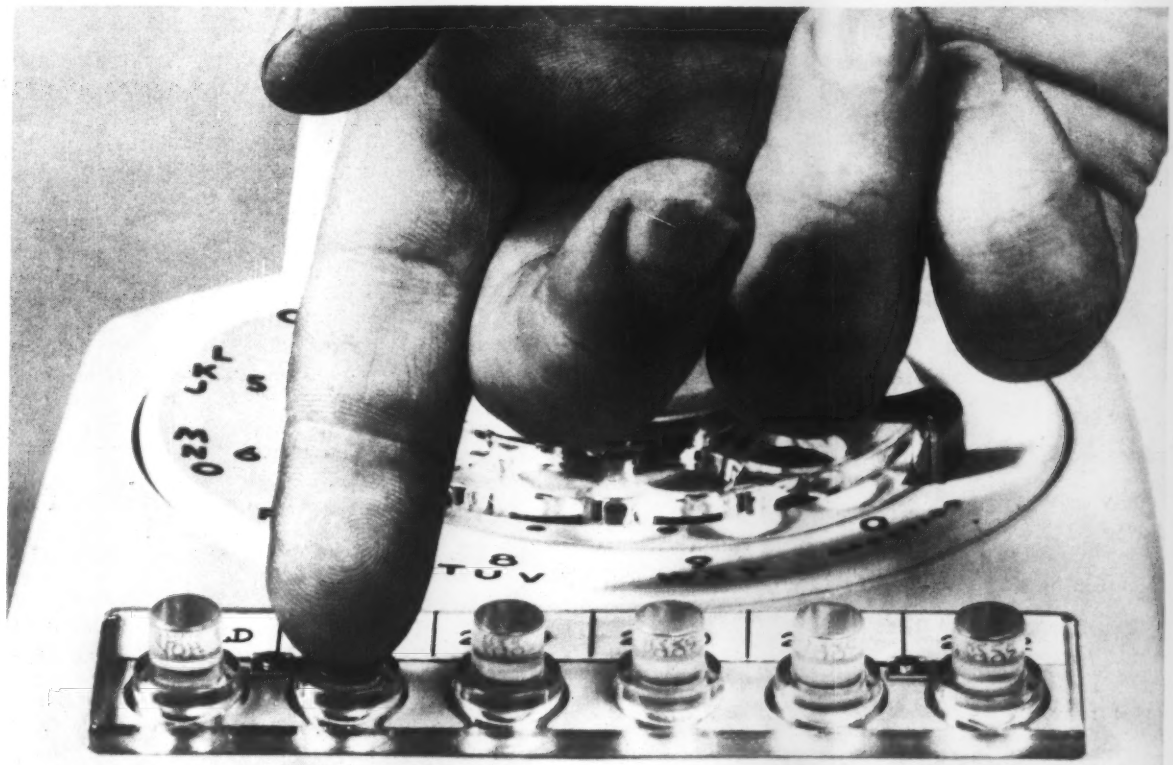
Minding another man's business is not necessarily an invasion of his personal or property rights, but rather it is the necessity of a life in which there are mutual obligations, duties, opportunities, and benefits.

The man who gives part of his time to trade association activities is minding somebody's business in a positive and generous way. Most of the statues in public parks honor the "busybodies"—teachers, preachers, and business leaders who spent time and money in behalf of their fellowmen.

A Child Counts His Money

A lad, surveying the money gifts of his fifth birthday, said, "I have five Washingtons, two Lincolns, and one Hamilton." The fact that he had $25 in paper money was of no immediate significance. He was an art collector, much more concerned with the portraits of the Presidents than his newly acquired share of the national wealth. The aesthetic qualities of money are best appreciated, perhaps, by children, collectors, and engravers. Still, there ought to be a lesson here for us in business, who are often prone to forget the existence of those inherited values which are not easily measured in coin of the realm.

—A.M.S.



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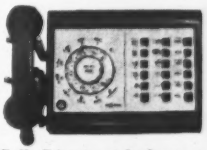

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